

**GUIDELINES FOR APPLICATION AND ADMINISTRATION
FOR FEDERAL ASSISTANCE AWARDS
ISSUED BY THE DEPARTMENT OF STATE**



**UNITED STATES DEPARTMENT OF STATE
BUREAU OF ADMINISTRATION
OFFICE OF THE PROCUREMENT EXECUTIVE
FEDERAL ASSISTANCE DIVISION
A/OPE/FA**

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1. Overview

This handbook is intended for current recipients of federal assistance from the Department of State (hereinafter “the Department”) and for those interested in its process and future partnerships. The audience includes organizations with headquarter offices in the United States (domestic) as well as organizations that have their board of directors’ offices outside of the United States (overseas).

This informational and instructive guidebook has been prepared by the Federal Assistance Division of the Department’s Office of the Procurement Executive (A/OPE/FA) as a way of leading you through the federal assistance¹ application process and post-award requirements. It contains an overview of the mission, overall guidance, policies, and standards for the award and management of the Department’s assistance awards. The Department provides assistance awards to individuals, institutions of higher education, hospitals, non-profit non-governmental organizations (NGOs), foreign public entities (FPEs), foreign governments, and commercial organizations.²

In this guidebook you will find a set of practices that are common to most programs and bureaus within the Department. The procedures and requirements described outline the federal assistance management process from application all the way to closeout. It was developed in the interest of providing a starting point for applicants new to the Department assistance process, as well as an administrative guide after an award has been issued. In addition, helpful federal assistance management resources and a compendium of bureau- and program-specific considerations are included. An appendix has been provided with specific relevance to overseas procedures.

This guidebook is by no means meant to be a comprehensive source for all the Department, bureau, or program-specific requirements. Organizations that apply for or receive federal assistance awards from Department bureaus or offices must also familiarize themselves with the application and administration policies and procedures of those bureaus or offices. Specific application eligibility, instructions, and evaluation criteria for Federal Assistance programs will be published in public Notice of Funding Opportunities (NOFOs).

This guidebook is available for viewing and downloading at the following Federal Assistance Awards Policy Page of the Office of the Procurement Executive: [http://www.statebuy.state.gov/assistance awards/gtpolicy.htm](http://www.statebuy.state.gov/assistance%20awards/gtpolicy.htm).

Should you have any suggestions for improving this document, please email A/OPE at aopefagrantpolicy@state.gov with your feedback.

¹ “Federal Assistance” is the transfer of a thing of value from an agency to a recipient to carry out a public purpose through a grant, cooperative agreement, contribution or bilateral agreement. It is more commonly referred to as “Grants” or “Assistance Awards” and, in the interest of clarity, both terms are used interchangeably throughout this guidebook.

² Some Foreign Assistance appropriations may limit or specify eligible applicants for a particular program. This manual is intended as guidance and makes no guarantee of eligibility or funding.

1.1 Roles and Responsibilities

1.1.1 Oversight, Policy and Management Offices

The [Director of U.S. Foreign Assistance \(F\)](#) serves concurrently as USAID Administrator and directs foreign assistance to meet broad foreign policy objectives. The Director has authority over all the Department and USAID foreign assistance funding and programs. The Director develops a coordinated USG foreign assistance strategy, including multi-year country-specific assistance strategies and country-specific assistance operational plans.

The [Office of the Legal Adviser \(L\)](#) advises and represents the Secretary, and through the Secretary, the President and the bureaus and missions of the Department, on all legal policy issues arising in connection with U.S. foreign policy and the work of the Department. The appropriate regional, bureau, or functional sub-office of L should be consulted regarding significant legal issues involving the award or management of assistance awards.

The [Federal Assistance Division of the Office of the Procurement Executive \(A/OPE/FA\)](#) has the authority to appoint Grants Officers on behalf of the Department. A/OPE/FA develops policy for the award and management of federal assistance throughout the Department of State. The division also provides expert advice to Department Grants Officers and Grants Officer Representatives worldwide on assistance issues such as legal, regulatory, policy, or procedural requirements or developments; funding; selection of appropriate notice of award instrument; competition; and assistance terms and conditions. In addition, A/OPE/FA develops training requirements for Department Grants Officers and Grants Officer Representatives and delivers training worldwide. Finally, A/OPE/FA serves as the Department's Federal Acquisition Ombudsman, handling audit appeals and other issues between Grants Officers and recipients.

Within the [Bureau of the Comptroller and Global Financial Services](#), the **Office of Federal Assistance Financial Management (CGFS/DCFO/FPRA/FAFM)** develops and administers Department-wide financial policies and regulations related to the financial management of federal assistance, providing oversight of the fiscal aspects of the Department's federal assistance operations, establishing standards for improved federal assistance financial management information and reporting systems, and developing federal assistance financial training programs. This includes issues related to the obligation and disbursement of funding, financial monitoring, oversight, reporting, closeout, and debt collection. The Office also monitors compliance with financial policies and procedures; provides technical assistance; and collects and maintains financial information for auditors, the OMB and Congress. In addition, FAFM is the Department's liaison with the Department of Health & Human Services (HHS) Payment Management System (PMS), which is the electronic payment system used by most domestic/U.S.-based assistance recipients.

The **International Programs Division of the Office of Acquisitions Management, Bureau of Administration** (A/LM/AQM/IP) provides fee-based, centralized federal assistance award services that include pre-award, award, post-award, and closeout, to Department offices that do not have their own Grants Officers. The Division is also the point of contact for indirect cost rates issues, serving as the Department's liaison with the Department of the Interior's National Business Center (NBC) for Indirect Cost Services. NBC is responsible for negotiating indirect cost rates for organizations where the Department of State is the cognizant organization.

1.1.2 Program Bureaus

The **Bureau of Democracy Human Rights and Labor (DRL)**'s Human Rights and Democracy Fund (HRDF), which is DRL's allocation of the Economic Support Fund, is used to fulfill the mission to monitor and promote human rights and democracy. HRDF supports innovative programming designed to uphold democratic principles, support democratic institutions, promote human rights, and build civil societies in countries and regions of the world that are geo-strategically critical to the U.S.

The **Bureau of Diplomatic Security (DS)** improves world security through the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR). NADR funds are used to train foreign governments and law enforcement officials, to oversee compliance with physical and construction security programs, and to advance fundamental knowledge in specific research and development projects using specialized testing protocols. DS enhances security efforts by providing extraordinary protective services nationwide for visiting foreign missions and dignitary officials pursuant to the Foreign Missions Act.

The **Bureau of Educational and Cultural Affairs (ECA)** is authorized under the Fulbright-Hays Act to increase mutual understanding between the people of the United States and the people of other countries by means of educational and cultural exchange programs. These include the exchange of scholars, researchers, students, educators, and administrators under ECA academic programs. Professional and cultural programs promote American cultural excellence abroad and provide for exchanges of American and foreign high school-aged youth and adult professionals in fields important to U.S. relations with the rest of the world.

The **Bureau of International Information Programs (IIP)** engages international audiences on issues of foreign policy, society and values help to create an environment receptive to U.S. national interests. IIP communicates with foreign opinion makers and other publics through a wide range of print and electronic outreach materials published in English, Arabic, Chinese, French, Persian, Russian, and Spanish. IIP also provides information outreach support to U.S. embassies and consulates in more than 140 countries worldwide.

The **Bureau of International Narcotics and Law Enforcement Affairs (INL)** provides assistance to countries to develop and implement policies and programs to strengthen institutional counter-narcotics law enforcement and judicial capabilities to control illegal

narcotics production, processing, and trafficking. INL also supports Iraqi constitutional implementation by fostering the Iraqi Legislative and Judicial Program, which is aimed at strengthening the new Iraqi constitution.

The [Bureau of Intelligence and Research \(INR\)](#) supports Title VIII programs for study of Eastern Europe and the Independent States of the Former Soviet Union to strengthen U.S. expertise and understanding by supporting graduate training, advanced research, public dissemination of research data, methods and findings, and contact and collaboration among government and private industry specialists.

The [Bureau of Oceans and International Environmental and Scientific Affairs \(OES\)](#) coordinates a portfolio of issues related to science, the environment, and the world's oceans. OES addresses environmental aspects of international trade, including safeguarding hazardous materials requiring multilateral agreements. The bureau also leads Department cooperation with other U.S. Government agencies to facilitate policy-making regarding international bioterrorism, infectious disease, surveillance and response, environmental health, and health in post-conflict situations.

The [Bureau of Population, Refugees and Migration \(PRM\)](#) administers refugee assistance and admission programs that provide vital protections to vulnerable populations worldwide. PRM provides overseas assistance to regions across the globe, including areas such as West Africa/Liberia and Europe/Caucasus to support Humanitarian Air Service and feedings for displaced persons.

The Department's **Regional Bureaus** provide programmatic oversight of grants issued by U.S. Embassies and Consulates outside the United States under their mandate to guide the operation of the U.S. diplomatic missions within their respective regional jurisdictions. Offices within these bureaus may also make grants directly to address specific regional and bilateral policy issues. These bureaus include:

- [Bureau of African Affairs \(AF\)](#)
- [Bureau of East Asian and Pacific Affairs \(EAP\)](#)
- [Bureau of European and Eurasian Affairs \(EUR\)](#)
- [Bureau of Near Eastern Affairs \(NEA\)](#)
- [Bureau of South and Central Asian Affairs \(SCA\)](#)
- [Bureau of Western Hemisphere Affairs \(WHA\)](#)

In addition, the [Bureau of International Organization Affairs \(IO\)](#) conducts multilateral diplomacy to promote the many overlapping interests of the American people within the United Nations and its agencies as well as certain other international organizations.

1.1.3 Program Offices

The [International Communications and Information Policy](#) group within the Bureau of Economic, Energy, and Business Affairs (EEB/CIP) advocates international policies for expanded access to information and communication technologies and improved efficiency in the worldwide telecommunications market through increased reliance on free-market forces, and fair opportunities for U.S. companies to participate in this

important sector around the globe. In supporting such policies, CIP supports foreign policy goals of empowering people by giving them fuller access to a wealth of educational opportunities, information resources and forums for exchange of ideas.

The [Office of Overseas Schools](#) within the Bureau of Administration (A/OPR/OS) provides grants to schools to enable them to promote quality education at elementary and secondary school levels for dependents of U.S. citizens carrying out programs for the U.S. government abroad. A/OPR/OS provides grants to programs that support the implementation of Advancement Placement (AP) and guidance programs to American-sponsored overseas schools.

The [Office of Weapons Removal and Abatement](#) within the Bureau of Political and Military Affairs (PM/WRA) provides demining and weapons destruction grants to assist countries in making daily life safer after conflict resolution.

The [Office to Monitor and Combat Trafficking in Persons](#) (G/TIP) under the Under Secretary for Democracy and Global Affairs provides assistance to foreign countries and international organizations to help them develop and implement legislation, policies, and programs to combat trafficking in persons, including the areas of sex trafficking and labor exploitation.

The [Office of the Under Secretary for Public Diplomacy and Public Affairs](#) (R) funds grants with the purpose of supporting U.S. public diplomacy outreach. Most of these grants are issued by the regional or program bureaus listed above and by individual U.S. Missions overseas.

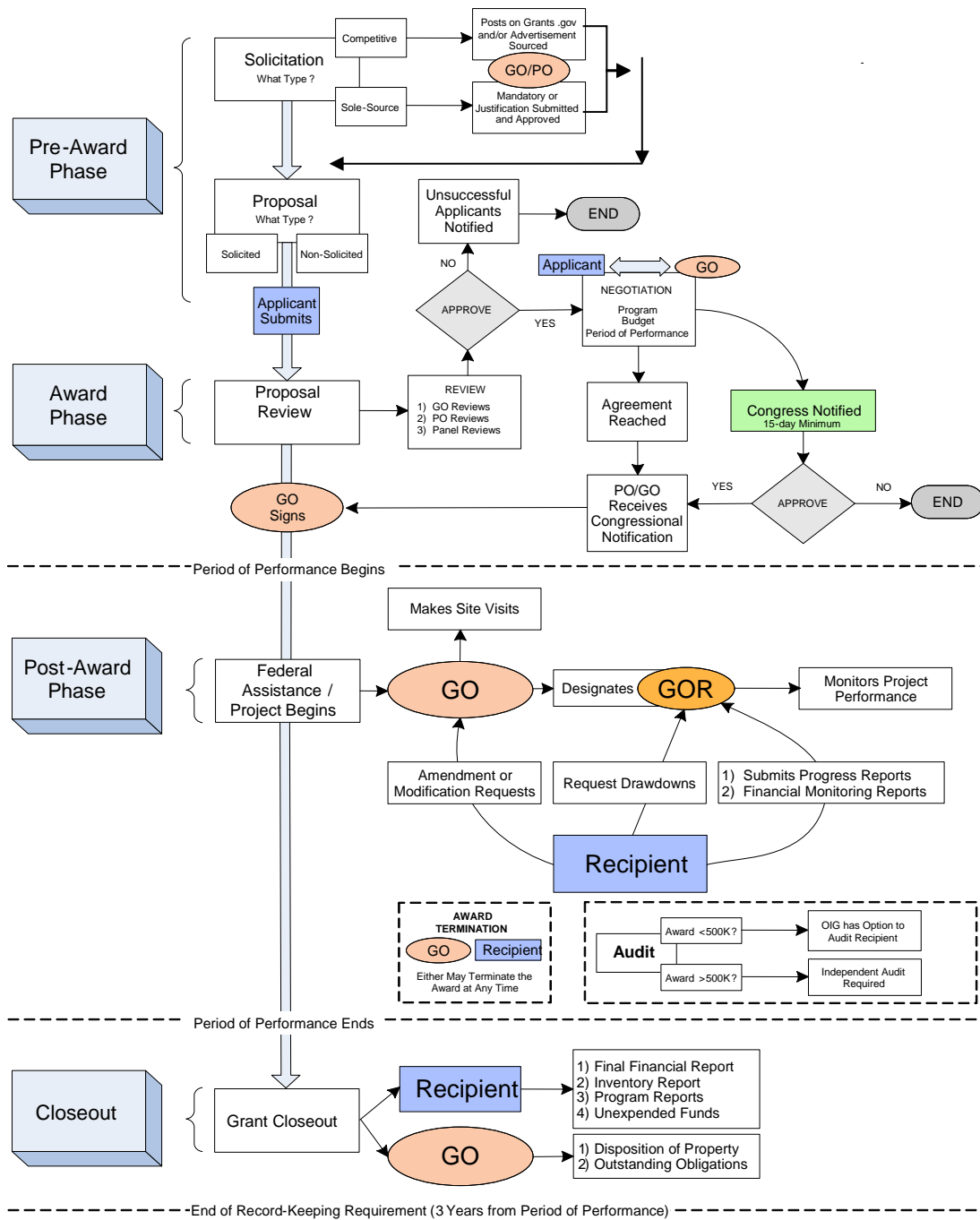
1.1.4 Federal Assistance Personnel

The **Grants Officer (GO)** is authorized by certificate of appointment issued by A/OPE/FA to award, amend, and terminate a federal assistance award. The GO signs the Federal Assistance Award (DS-1909/1909I) and is responsible for exercising prudent management, including the approval of payments. The payment approval process is usually done in consultation with the Program Officer. The GO ensures that all requirements, statutes, laws, regulations, and administrative policies are fulfilled.

The **Program Officer (PO)** (also known as Programming Officer or Program Management Officer) is responsible for the programmatic and/or technical aspects of the federal assistance award announcement, review, and selection of recipients prior to the award distribution. Where there is no PO or equivalent, this role and the aforementioned responsibilities become those of the Grants Officer.

The **Grants Officer Representative (GOR)** is the person with the technical expertise related to program implementation and who is designated, in writing, by the Grants Officer to administer certain aspects of a specific assistance award from the beginning of the project period through closeout. The GOR is responsible for ensuring that the Department exercises prudent management and oversight of the award through monitoring and evaluating the recipient's performance.

1.2 Standard Lifecycle of an Assistance Award³



³ Individual program process may vary.

1.3 Types of Federal Assistance Instruments

An agency may provide federal assistance through various types of transactions, including grants, cooperative agreements, contributions, loans, loan guarantees, interest subsidies, bilateral/multilateral international agreements, insurance, food commodities, direct appropriations, and transfers of property in place of money. Most federal assistance agreements issued by the Department of State take the form of:

- Grants
- Cooperative Agreements
- Voluntary and Assessed Contributions
- Bilateral and Multilateral Agreements
- Letters of Agreement

1.3.1 Grants

A grant is an assistance instrument used when the principal purpose is the transfer of money, property, or services to accomplish a public purpose of support or stimulation authorized by federal statute when it is anticipated that there will be no substantial involvement between the agency and the recipient during the performance.

1.3.1.1 Property Grants

A grant whose primary or sole purpose is the transfer of property is commonly referred to as a “property grant.” However, there is no real distinction between this type of grant and other grants. There are certain restrictions and procedures for the acquisition, utilization and disposition of property grants under all grants.

1.3.1.2 Grants to Individuals

Grants made to individuals for the purpose of travel, such as grants to attend conferences, are sometimes referred to as “travel grants.” Restrictions and regulations for travel under a grant, such as the requirement to adhere to the Fly America Act, are applicable to all grants.

Some travel by private (non-USG employee) citizens is authorized by “Invitational Travel Orders” (ITOs). ITOs are *not* grants or assistance, and different procedures and regulations apply. ITOs are governed by the Federal Travel Regulations (FTR).

1.3.1.3 Fixed Amount Award (FAA)

A Fixed Amount Award (FAA) is a streamlined grant instrument intended to cut costs in terms of manpower and processing time for smaller grants. The award amount cannot exceed \$100,000 and the period of performance cannot exceed 5 years. FAAs generally have fewer reporting requirements.

1.3.1.4 Grants to Foreign Public Entities (FPE)

A FPE is an organization composed of many member nations, or a foreign governmental institution. The definition of FPE is statutory. An international organization can be a FPE only if designated by the President in Executive Orders. See current list of FPEs at <http://www.state.gov/p/io/empl/126305.htm>.

Awards to FPE(s) are:

- Limited by PIO by-laws
- Governed by different reporting requirements
- Constrained by different audit requirements

1.3.2 Cooperative Agreements

A cooperative agreement is an assistance instrument where the principal purpose is the transfer of money, property or service to accomplish a *public purpose* of support or stimulation authorized by federal statute when it is anticipated that there will be substantial involvement between the agency and the recipient during the performance. Substantial involvement requires greater USG participation in the project than with a grant award and must be programmatically necessary.

1.3.3 Voluntary Contributions

A voluntary contribution includes discretionary assistance provided to foreign countries, international societies, commissions, proceedings, or projects. Voluntary contributions are in the form of a letter of memorandum signed by a warranted Grants Officer.

1.3.4 Assessed Contributions

An assessed contribution refers to assistance provided to foreign countries, international societies, commissions, proceedings or projects that are lump sum, quota of expenses, fixed by treaty, and is *not* considered federal assistance.

1.3.5 Letter of Agreements

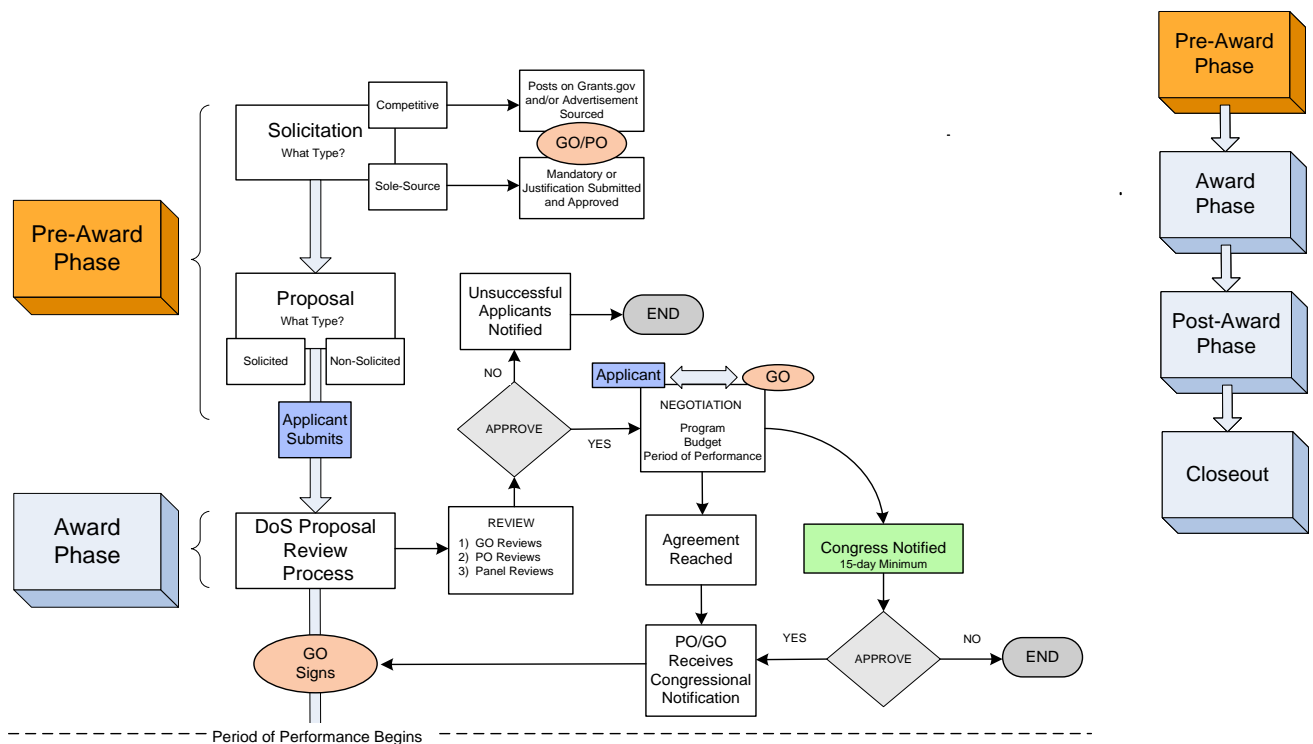
A Letter of Agreement (LOA) is an agreement between the U.S. government (USG) and a foreign government(s) under the terms of which a specific project is carried out and reflects the commitments made by both parties to accomplish the project objectives. It is an umbrella agreement that establishes the framework of an agreement for a specific program purpose. Once the LOA is established, multiple grants (and, in many cases, contracts) are awarded to various organizations to fulfill the program purpose within the framework of the agreement.

2. Process Overview – How to Apply for a Department Award

The next three sections provide detailed information concerning the pre-award and award phase of an application. The following provides an overview and references the sections of the manual for detailed information. To apply for a Department award:

- Identify opportunities on Grants.gov – Section 3.1.1
- Obtain a Unique Entity Identifier (UEI) number – Section 3.2.3
- Register with SAM.gov – Section 3.2.4
- Prepare a credible proposal that contains an Executive Summary (Section 4.1), Program Description (Section 4.2), and Project Budget (Section 4.3)
- Know the award process (Section 5)
- If selected, understand your responsibilities, as outlined in the Notice of Award (Section 5.2)

3. Pre-Award Phase – Announcement and Selection⁴



3.1 Solicitation Sources

3.2.1 Grants.gov

It is Department policy to encourage competition in issuing federal assistance awards. The primary means through which all federal assistance is announced and applicants apply is <http://www.Grants.gov>, more often referred to as simply "Grants.gov."

⁴ Individual program process may vary.

3.2.2 Additional Sources

Sometimes additional posting of opportunities is necessary. Some of the frequently used avenues for announcement include appropriate trade publications, newspapers, the *Embassy Website*, or similar means of publicity that are likely to generate competition.

3.2 Pre-Proposal Considerations

3.2.1 Preparation

A successful federal assistance proposal is thoughtfully planned, clearly articulated, and concisely packaged. Applicants should become familiar with the program criteria and craft proposals to meet those criteria. Refer to the specific bureau point of contact provided to confirm information like funding availability, when applicable deadlines occur, and the process used by the assistance awarding agency for accepting applications. If applicable, confirm whether or not the particular bureau accepts proposals for projects not specifically solicited.

Attending an assistance awards-writing workshop offered by a local school or organization may be to your benefit if you have not had any prior experience in federal assistance award proposal writing. A workshop can amplify the basic information presented in this document.

3.2.2 Eligibility Requirements

The applicant should study the eligibility requirements for each of the Department programs under consideration. The Department's federal assistance awards include specific legislative mandates, applicable laws, and program statutes governing eligibility for grant programs. Specifically, federal assistance awards may be issued to eligible entities that may include:

- Individuals
- Institutions of Higher Education
- Hospitals
- Non-Profit Organizations (NPOs)
- Non-Governmental Organizations (NGOs)
- Foreign Public Entities (FPEs)
- Commercial Organizations

Applicants may be required to provide proof of status by submitting documentation. Questions about eligibility should be discussed with the person listed as contact in the Department solicitation.

3.2.3 Obtaining a Unique Entity Identifier (UEI) Number

The Unique Entity Identifier (UEI) number is a unique nine-character number that identifies the organization. For all practical purposes, the current UEI is the organization's Data Universal Numbering System (DUNS) number. This identifier will be used for tracking purposes, and to validate address and point of contact information. The Bureau/Office making the award is required to verify that you have a DUNS number

or are taking the steps needed to immediately obtain the number. The application form contains a block for you to enter the organization's DUNS number.

Domestic and Overseas Organizations

A domestic organization is one that has its headquarters in the United States. An organization that has its headquarters outside of the United States is considered an overseas organization. All domestic and overseas organizations that apply for Department funding must include their DUNS number in every application or proposal.

Obtaining a DUNS Number

Organizations that do not have a DUNS number can obtain one at no cost by calling the dedicated toll-free DUNS number request line at (866) 705-5711 or visiting the Dun & Bradstreet (DnB) website at <http://www.dnb.com>. DnB's Global Access Center maintains a list of all its regional offices.

Applicants will need to provide the following information to obtain a DUNS number:

- Proposing organization's name
- Proposing organization's address
- Local phone number
- Name of the CEO/organization owner
- Legal structure of the organization (corporation, partnership, proprietorship)
- Year the organization started
- Primary line of business
- Total number of employees (full-time and part-time)

3.2.4 Register with the System for Award Management (SAM)

This registration is required when initially applying through Grants.gov. Once you have received the DUNS designation and, if applicable, the Commercial and Government Entity (CAGE) or other designations, then you must register via the System for Award Management (SAM.gov). It can take three to five business days for the SAM data to be processed and approved. In addition, it can take one to five business days to then upload to Grants.gov. Until the SAM data makes that transition, which could take up to **two weeks**, the applicant organization **cannot** apply for opportunities via the Grants.gov website.

CAGE Code

The Commercial and Government Entity (CAGE) Code is a five-character ID number that provides for a standardized method of identifying a given facility at a specific location. The code may be used for a facility clearance, a pre-award survey, automated bidders lists, identification of debarred bidders, fast pay processes, etc. Applicants with a U.S. address may submit the application without a CAGE Code and one will be assigned. The CCR registration process will also verify existing CAGE Codes for all applicants. To speed up the process, applicants should make every effort to use a current CAGE Code in their application. Applicants must have a separate CAGE Code for each physical location and separate division at the same physical location. Each separate CCR registration must have its own CAGE Code.

NCAGE Code - Special Requirements for Non-U.S. Registrants

Non-U.S. organizations must first obtain a North Atlantic Treaty Organization (NATO) CAGE (NCAGE) Code from the appropriate source. The NCAGE Code can be obtained directly from the Codification Bureau in-country. Applicants should view the up-to-date list of countries and the information necessary to contact the Codification Bureau.

Legal Business Name and “Doing Business As” (DBA)

Enter the legal name by which you are incorporated and pay taxes. If you commonly use another name, such as a franchise or a licensee name, or an acronym, then include that in the DBA space below the Legal Business Name. Your legal business name as entered on the CCR registration **MUST** match the legal business name at Dun & Bradstreet. If the information does not match, your registration may be rejected during processing. Do not type “same” or “as shown above” in the DBA field.

U.S. Federal TIN

The Tax Identification Number (TIN) is a nine-digit number which is either an Employer Identification Number (EIN) assigned by the Internal Revenue Service (IRS) (<http://www.irs.gov/business/small/article/0,,id=104331,00.html>) or a Social Security Number (SSN) assigned by the Social Security Administration. (http://ssa.gov/replace_sscard.html).

If you do not know your TIN/EIN, contact the IRS at 1-866-255-0654. If you operate as an individual sole proprietorship, you may use your SSN if you do not have a TIN/EIN. If you are located outside the United States and do not pay employees within the U.S., you are not required to provide a TIN. If you are incorporated outside the U.S., you must provide country of incorporation. Non-U.S. registrants doing business outside the U.S. are not required to complete the Financial Information section of the registration.

Form 1099-G

All individual recipients subject to U.S. tax laws (including foreign nationals with green cards) who have been paid \$600 or more in compensation in a calendar year through a grant or cooperative agreement, will be provided with an Internal Revenue Service (IRS) Form 1099-G. The 1099-G form must be provided to the recipient by January 31st for payments/awards provided in the preceding tax year.

Note: IRS Forms 1099-G are only required for individuals paid directly by the United States Government (USG). If the federal assistance agreement was awarded to an organization, and that recipient organization is paying the individual, then the organization—not the USG—is responsible for IRS reporting.

3.2.5 Country-Specific Requirements

Applicants should demonstrate familiarity with and ability to address requirements specific to the country or region where grant activities will occur. Such requirements may include compliance with host country visa, taxation, or import/export regulations. Local

or national authorities may also require organizations or individuals to apply for registration to conduct business activities.

3.2.6 Suspension and Debarment

Organization(s) and/or individual(s) that have been suspended or debarred are listed on the Excluded Parties List System within SAM.gov and prohibited from obtaining grants or contracts from the USG. Suspension or debarment is a serious action. 2 CFR Part 180 outlines the government-wide policy and procedures in detail. 2 CFR Part 600 outlines the Department's suspension and debarment policy and procedures in detail.

The official within the Department of State responsible for suspension and debarment actions is the Procurement Executive in the Bureau of Administration, Office of the Procurement Executive (A/OPE). Grants Officers request suspension or debarment action through the Procurement Executive when "there exists an indictment for or other adequate evidence to suspect" that specific inappropriate conduct has occurred.

3.2.7 Lobbying Activities

The [SF-LLL - Disclosure of Lobbying Activities](#) form shall be completed by the reporting entity, whether sub-award recipient or prime federal recipient, at the initiation or receipt of a covered federal action, or a material change to a previous filing, pursuant to Title 31 USC Section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered federal action. Complete all items that apply for both the initial filing and material change reports. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

Section 319 of Public Law 101-121, codified at 31 USC Section 1352, prohibits the use of federal funds in lobbying employees and Members of Congress, as well as employees of federal agencies, with respect to the award or amendment of any federal grant, cooperative agreement, contract, or loan. While non-federal funds may be used for such activities, they may not be included in the project budget, and their use must be disclosed to the awarding federal agency. Disclosure of lobbying activities by long-term employees (employed or expected to be employed for more than 130 days) is, however, not required. In addition, the law exempts from the definition of lobbying certain professional and technical services by applicants and awardees.

3.3 Unsolicited Proposals

An unsolicited application or proposal is a written request for funding submitted by the applicant. It is not in response to public advertising or an informal request constituting a public general statement of funding availability. Generally, the Department works through Grants.gov and other solicitation processes. The applicant's unsolicited application or proposal will be considered on a case-by-case basis in accordance with each bureau/office's policy and procedures.

4. Anatomy of a Proposal

There are four basic components to a comprehensive proposal:

- (1) Executive Summary
- (2) Program Description/Narrative Statement
- (3) Detailed Project Budget
- (4) Required Forms and Certifications

The *Executive Summary* outlines the proposed project, including all of its goals and objectives, expounded further within the *Narrative Statement*.

The *Narrative Statement* is an introduction to your organization, an explanation of the problem you wish to solve, and your plan of action for doing so.

A well-prepared *Project Budget* justifies all expenses and is consistent with the proposal narrative. When determining your *Project Budget*:

- Cover all expenditures that will be made with assistance award funds for the life of the project.
- Be very specific and provide a detailed breakdown of how costs are determined.
- Account for all proposal activities and be careful to ensure that the budget matches exactly.
- Ensure that the budget reflects contributions from donors supporting the project.
- Ensure that all numbers add up correctly.

Required forms and certification may be downloaded from Grants.gov or obtained through the source references available in the appendix of this guidebook.

Once a Bureau/Office agrees upon the proposal, the Grants Officer will review the proposal for federal assistance and negotiate the details of the assistance award itself, including evaluating the appropriateness of projected costs. During this phase, known also as the negotiation phase, a program or budget revision may be requested. Mutual agreement and proper signatures on the proposed changes of both the Grants Officer and the recipient are necessary before the proposal can be awarded.

After your assistance agreement has been awarded, the main point of contact on programmatic aspects of your agreement, for most assistance awards, is the Grants Officer Representative (GOR) who is designated in the notice of award.

Controlling Language

It is the Department policy that English is the official language of all federal assistance documents. Specific documents include the application/proposal, the notice of award, and required financial and program reports. If an award or any supporting documents are provided in both English and a foreign language, it will be stated in each version that the English language version is the controlling version.

4.1 Executive Summary

The executive summary should include the following information and be limited to one or two pages:

- Name of organization
- Contact information (headquarters and in-country)
- Point of contact, titles
- Project title
- Countries/regions targeted by project
 - Number and description of direct beneficiaries
- Proposed period of activity
- Total dollar amount of project – include a breakdown of the dollar amount requested from the specific Bureau/Office, the dollar amount provided through other sources, and the dollar amount of any in-kind contributions
- Budget summary
- Brief project description – in one succinct paragraph, describe the problem and how it will be addressed. Also state the goal, expected results and intended impact of the project.

The executive summary outlines the proposed project and should appear at the beginning of the proposal. It could be in the form of a cover letter or a separate page, but should definitely be brief—no longer than one page. Although the executive summary is the first section of a proposal to be scrutinized in the review process, it is generally the last section to be generated in the writing process. This is to ensure that it encompasses all the key summary points necessary to communicate the objectives of the project concisely. It is this section that becomes the cornerstone of your proposal, and the initial impression it gives will be critical to the success of your venture. In many cases, the summary will be the first part of the proposal package seen by agency officials and will be carefully reviewed before the decision is made to consider the project any further.

In addition to the above, there are other key issues that should be addressed in the executive summary beyond the summary of the local problem/need and the proposed project/solution.

4.2 Program Description/Narrative Statement

This is the core of a proposal. It should clearly and concisely outline the implementation plan for each objective, including those elements described below, as appropriate. It should reflect a thorough understanding of the problem.

4.2.1 Presenting a Credible Applicant or Organization

Many bureaus require a description of an applicant's organization to describe its past and present operations. The key is to demonstrate the organization's institutional capacity to carry out the proposed activity. Some features to consider are:

- A brief biography and the curricula vitae of board members and key staff members

- The organization's goals, philosophy, track record with other assistance awarders, and any success stories
- Most recent certified financial statements

The data provided should be relevant to the Bureau/Office's goals and should establish the applicant's credibility.

4.2.2 Statement of Need

The problem statement (or needs assessment) is a key element of a proposal that makes a clear, concise, and well-supported statement of the issue to be addressed. The best way to collect information about the issue is to conduct and document both a formal and informal needs assessment for a program in the target or service area. The information provided should be both factual and directly related to the problem addressed by the proposal. Areas to document are:

- The purpose for developing the proposal
- The beneficiaries – who they are and how they will benefit
- The social and economic costs to be affected
- The nature of the issue (provide as much documented evidence as possible)
- How the applicant organization came to realize the issue, and what is currently being done about it
- The remaining alternatives available when funding has been exhausted. Explain what will happen to the project and the impending implications.
- The specific manner through which problems might be solved or the issue addressed. Review the resources needed, considering how they will be used and to what end.

There is a considerable body of literature on the exact assessment techniques to be used. Types of data that may be collected include: historical, geographic, quantitative, factual, and statistical, as well as studies completed by donors, international organizations, non-governmental organizations and universities. It may be helpful to highlight examples of the findings in the proposal.

4.2.3 Project Goals and Objectives – Desired Outcome

Program Goals and Objectives

Program objectives refer to specific activities in a proposal. It is necessary to identify all objectives related to the goal to be reached, and the methods to be employed to achieve the stated objectives. To develop a well-stated objective, consider quantities or things measurable and refer to the problem statement and the outcome of proposed activities. All figures used should be verifiable.

Define the goal and describe the objectives of the program. The goal should be your overall statement of intent. The objectives should specify the activities to be undertaken, including the conditions and standards under which they will be accomplished. Organize the proposal based on the stated objectives that, in turn, should be distinct, quantifiable and measurable.

Indicators

Provide indicators for assessing progress toward achievement of each objective and explain how they are to be measured. Indicators should be informed by data gathered in baseline surveys. The Department recommends using five indicators or less for each objective. For Bureau/Office purposes, an indicator should include a target, not merely a measurement category. Thus, if an overall objective is, for example, “to provide secondary education to students in Kailahun District,” an appropriate indicator would be to “rehabilitate three schools” not “number of schools rehabilitated.”

Identify each indicator as an **input**, **output**, or **impact** indicator. *Input* indicators measure activities that help achieve an objective (a level of activity, knowledge or material action). *Output* indicators measure the extent to which program objectives are being met. *Impact* indicators measure the extent to which the overall goal of a program is being met. Impact indicator is the strongest measurement of a program’s impact on beneficiaries and we suggest focusing on impact indicators as much as possible. For example:

- **Input Indicator** – five health education sessions conducted in schools targeting 2,000 students
- **Output Indicator** – 2,000 students complete three hours of HIV/AIDS education
- **Impact Indicator** – 75% of children enrolled in school demonstrate a 50% knowledge gain on methods of HIV transmission as demonstrated in pre- and post-test scores

Each objective should have at least one impact indicator that can be measured in a 12-month timeframe.

4.2.4 Projected Activities – Program Method and Design

The program design refers to how the project is expected to work and solve the stated problem. Sketch out the following:

- The activities to occur along with the related resources and staff needed to operate the project (inputs).
- A flow chart of the organizational features of the project. Describe how the parts interrelate, where personnel will be needed, and what they are expected to do. Identify the kinds of facilities, transportation, and support services required (throughputs).
- Explain what will be achieved (outputs) through the two bullets above -- i.e., plan for measurable results. Keep in mind that project staff may be required to produce evidence of program performance through an examination of stated objectives during a site visit by Bureau/Office officials.

The financial expenses associated with performance of the project will later become points of negotiation with bureau program staff. If everything is not carefully justified in writing in the proposal, the approved project may not resemble the original concept. Carefully consider the pressures of the proposed implementation such as the time and

money needed to acquire each part of the plan. Highlight the innovative features of the proposal that could be considered distinct from other proposals under consideration.

Whenever possible, use appendices to provide details, supplementary data, references, and information requiring in-depth analysis. These types of data, although supportive of the proposal, if included in the body of the design, could detract from its readability. Appendices provide the proposal reader with immediate access to details if and when clarification of an idea, sequence, or conclusion is required. Timetables, work plans, schedules, activities, methodologies, legal papers, curriculum vitae, letters of support, and endorsements are examples of information appropriate for an appendix.

4.2.5 Program Evaluation Design – Product and Process Analysis

Many bureaus and programs require the applicants to submit program evaluation designs stating the amount of time and effort needed to evaluate grant activities, and how the feedback will be distributed among the proposed staff for review and modification. Evaluation designs may start at the beginning, middle, or end of a project, but the applicant should specify a start-up time.

It is practical to submit an evaluation design at the start of a project for two reasons:

- 1) Effective evaluations require the collection of appropriate data before and during program operations, and
- 2) If the evaluation design cannot be prepared at the outset, then a critical review of the program design may be advisable.

The evaluation design should address both the product evaluation and the process evaluation. In a *product evaluation*, address the results or outcome of the project meeting the desired objectives, requirements, or specifications. In a *process evaluation*, address how the project would be conducted in terms of consistency with the stated plan of action and the effectiveness of the various activities within the plan.

A good design is critical to a cost-efficient and effective project. The objective of the evaluation design is to demonstrate how the requirements of the bureaus, including any future changes, will be accomplished.

A good evaluation must include well-defined and carefully analyzed problem scenarios showing the cause and effect relationships. A thorough research of published and unpublished literature, and a pilot study if needed, should be undertaken to identify the cause and effect relationships.

4.2.6 Monitoring and Performance Measurement

4.2.6.1 Monitoring and Evaluation Plan

Describe your monitoring and evaluation plan. Include, at a minimum, the following elements in the description:

1. A timeline to help the Bureau/Office track the program's progress
2. Indicators and details on how they will be measured, including frequency of the measurements, units of measure, dates when indicators will be met, etc.

3. Monitoring and evaluation tools such as clinic records, rapid assessment surveys, site visits, key stakeholder interviews, focus group discussions, interview logs, timelines, progress reports, etc.
4. Organizations that have recently received funding from a particular Bureau/Office should also include an assessment of their programs' success in meeting their goals and objectives with an up-to-date, cumulative progress report against indicators as outlined in the cooperative agreement. Organizations should describe problems they encountered and explain how they were addressed.

4.2.6.2 Performance Measurement

Establish, where possible, performance baseline data and expected performance targets for each objective, by which indicators are used to measure progress and assess impact.

Key Personnel clause

To ensure that the work is performed by personnel with the qualifications needed to obtain satisfactory quality, many of the Department assistance awards contain a Key Personnel clause.

In this clause, the recipient:

1. Promises to assign to work under the assistance award, certain named individuals (sometimes also indicating the capacity in which each named individual will act and the number of hours they will devote to the assistance award effort).
2. Promises not to remove or divert any of the named key personnel from the assistance award without the Grants Officer's consent.

4.2.7 Future Funding – Program Sustainability

Describe a plan for continuation of the project beyond the assistance award period (if necessary), and/or the availability of other resources necessary to implement the assistance award. Discuss maintenance or sustainability and future program funding.

4.3 Project Budget – Planning the Budget

Funding levels in U.S. federal assistance programs change yearly. For all proposed programs, and especially those that forecast a long-term (multi-year) period of performance, it is good practice to never anticipate that the funding for an assistance award will be the sole support for the project. This consideration should be given to the overall budget requirements, and in particular, to budget line items most subject to inflationary pressures. Restraint is important in determining inflationary cost projections (avoid "padding" or over-stating budget line items), but attempt to anticipate possible future increases.

Although budget adjustments can be made after the award is issued, this can involve a lengthy review process. Be certain that implementation, continuation, and phase-down costs are addressed and can be met. Consider such costs as those associated with leases,

evaluation systems, hard/soft matching funds requirements, audits, development, implementation and maintenance of information and accounting systems, and other long-term financial commitments.

4.3.1 Budget Development Guidelines

A well-prepared budget justifies all expenses and is consistent with the proposal narrative, objectives and indicators. A budget summary should include major categories, such as personnel, fringe benefits, travel, equipment, supplies, contractual, other direct costs, and indirect costs. It should also include a detailed budget and budget narrative. Some areas in need of evaluation for consistency:

1. The salaries in the proposal in relation to those of the applicant organization should be similar.
2. If new staff persons are being hired, additional space, furnishings and equipment should be considered, as necessary.
3. If the budget calls for an equipment purchase, it should be the type allowed by the Bureau/Office (consult with the Bureau/Office's Program or Grants Officer).
4. If additional space is rented, the increase in insurance, utilities, etc. should be supported.
5. If an indirect cost rate applies to the proposal, all supporting documentation, including the NICRA, should be provided.
6. If matching costs are required, the contributions to the matching fund should be separated from the proposed federal assistance budget line items.

4.3.2 Direct and Indirect Costs

Line items in budgets are classified as either *direct* or *indirect* costs. **Direct costs** are those costs that can be directly assigned to certain activities funded by a specific grant award relatively easily with a high degree of accuracy. **Indirect costs** (i.e., provisional, predetermined, or fixed rate) are incurred for a common or joint purpose and therefore cannot be identified readily and specifically with a particular sponsored project or instructional activity, or any other institutional activity.

Costs should be represented, whenever feasible, as direct costs. Indirect cost rates are only applicable to domestic assistance supplied to non-governmental organizations (NGOs), not individual or overseas recipients, and require the establishment of a Negotiated Indirect Cost Rate Agreement (NICRA) with the cognizant agency⁵ associated with the recipient.⁶ The National Business Center (NBC), Office of the Secretary, Department of the Interior, Indirect Cost Services, in Sacramento, California negotiates and issues indirect cost rates on behalf of the Department of State. Should an organization want to establish a rate with the Department, contact should be made with NBC as follows:

⁵ The term "cognizant agency," developed by the OMB, refers to the government agency that supplies the recipient NGO with the greatest amount of assistance yearly.

⁶ For further guidance, please refer to the appropriate OMB Circular 2 CFR Part 200.

Indirect Cost Services
Acquisition Services Directorate
National Business Center
U.S. Department of the Interior
2180 Harvard Street, Suite 430
Sacramento, CA 95815
Phone: 916.566.7111
Fax: 916.566.7110
Email: ics@nbc.gov

4.4 Additional Requirements and Submission Methods

Most federal assistance awards are made to institutions rather than individuals. For organizations, signatures of chief administrative officials are required. Check to make sure this information is included in the proposal, where appropriate.

Proposals should be typed, collated, copied, and packaged correctly in the format described in the solicitation. Each package should be inspected to ensure uniformity from cover to cover. A neat, organized, and attractive proposal package can leave a positive impression with reviewers about the proposal contents.

All submissions must include the following:

- Original proposal
- Copy of the organization's U.S. Government Negotiated Indirect Cost Rate Agreement (NICRA) or acceptable source documentation issued by foreign entities, if applicable
- Completed SF-424 (Application for Federal Assistance)
- SF-424A, SF-424B and the SF-LLL, Disclosure of Lobbying Activities, if applicable
- DUNS number
- Completed budget summary and detail along with a budget narrative
- Information in support of any cost-sharing/cost-matching arrangements
- Information detailing the source of any in-kind contributions
- Details on any sub-agreements associated with the program (should be part of the budget submission)
- Most recent certified financial statements (for example, the latest A-133 audit report, if applicable)

Additional bureau-specific and/or program-specific forms may be required (e.g., pre-award survey). Examine the solicitation carefully or, if submitting an unsolicited proposal, contact a Program or Grants Officer for any additional bureau or program requirements.

4.4.1 Submission through Grants.gov

Since all federal assistance award-making agencies are now required to post all of their domestic competitive opportunities on the government-wide portal, www.Grants.gov⁷, it would behoove you to begin any search for federal competitive assistance award opportunities through this website. If it is posted on Grants.gov, then you can conveniently apply electronically, foregoing the paperwork process. Several of the standard applications and reporting forms referenced here are available there as well.

Applying at www.Grants.gov can reduce your costs, and the time required to find opportunities and process your application. The site provides access to multiple assistance grantors and reduces paperwork, postal costs and storage costs, in addition to its efficiency as a one-stop storehouse of federal assistance information. Several of the steps in the Grants.gov registration process could take several weeks. Once registered, the amount of time it can take to upload an application will vary depending on a variety of factors, including the size of the application and the speed of your internet connection. In addition, validation of an electronic submission via Grants.gov can take up to two business days.

Therefore, we strongly recommend that you not wait until the application deadline to begin the submission process through Grants.gov.

The Grants.gov website includes extensive information on all phases/aspects of the Grants.gov process, including an extensive section on frequently asked questions, located under the “For Applicants” section of the website. We strongly recommend that all potential applicants thoroughly review this website well in advance of submitting a proposal through the Grants.gov system. The Department bears no responsibility for data errors resulting from transmission or conversion processes.

By downloading an assistance award application package, you can view it offline, giving you the flexibility to complete the application when and where you want. You can also route it through your organization for easy review and then submit it with a simple click.

In addition, once an application has been submitted, you can check the status of your application by the Catalog of Federal Domestic Assistance (CFDA) Number, Funding Opportunity Number, Competition ID, and/or Grants.gov Tracking Number.

4.4.2 Submission by Mail

You may submit a proposal or application by mail only permitted by the Department bureau/office. A cover letter should always accompany a proposal, amendments, or questions regarding an open solicitation. Federal Express, DHL, overnight courier, or standard courier requirements apply. Make sure there is enough time for the proposals to reach their destination prior to the closing date. Always coordinate such arrangements with the appropriate Bureau/Office Program or Grants Officer. (*Caution:* Diskettes, CD-

⁷ www.grants.gov is more often referred to as simply Grants.gov and both terms are used interchangeably in this guidebook.

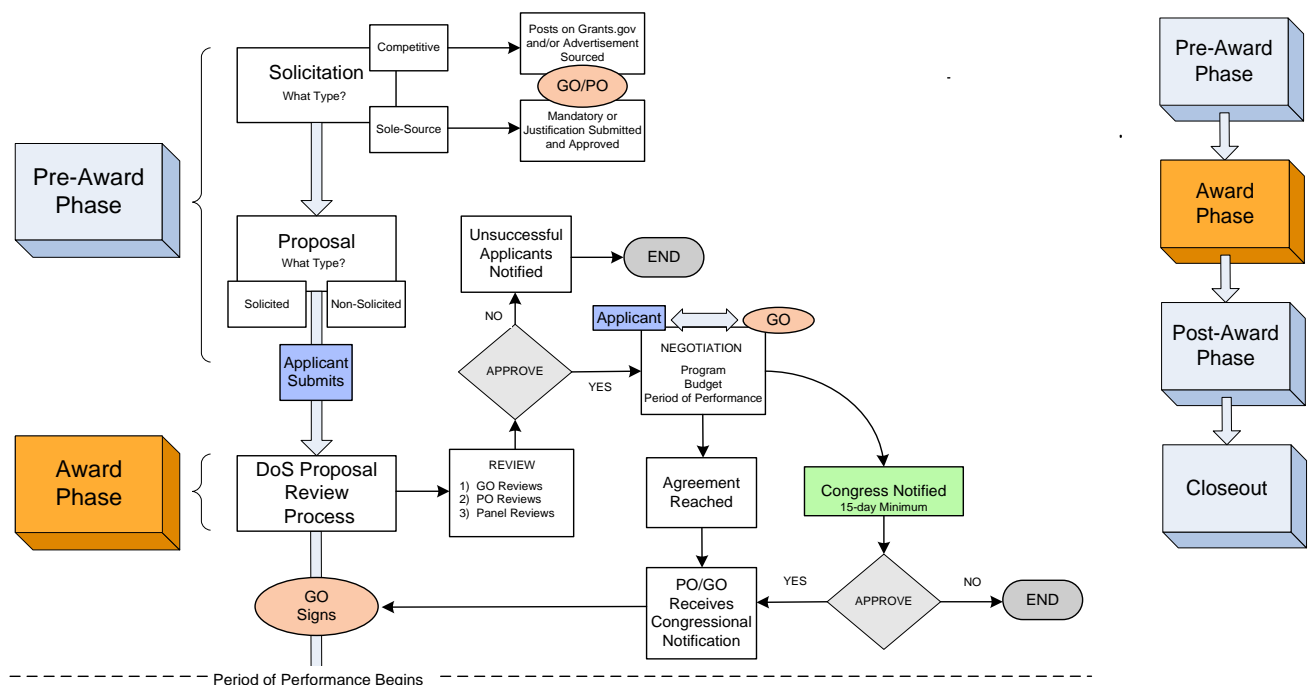
ROMs, etc., submitted via normal postal delivery to the Department, may be damaged by offsite security screening.)

4.5 Certification and Assurances

The Department requires applicants to certify compliance by signing the [SF-424B – Assurances for Non Construction Programs](#) with all pertinent certifications and representations required by statute, executive order, or regulation, unless prohibited by statute or codified regulation. For applicants that have an ongoing and continuing relationship with the Department, these certifications may be on an annual basis.

For applicants submitting an [SF-424 – Government-wide Standard Application](#) form, the responsible official certifies, by signing, the statements contained in all certifications and assurances listed on the A/OPE/FA website found at <http://fa.statebuy.state.gov/> and agrees to comply with any resulting terms if the award is accepted.

5. Award Phase – Review Process Through Award⁸



5.1 Review Process

5.1.1 Bureau/Office Review Process

When the assistance award-issuing bureau reviews your proposal, funding will be decided on the criteria in the announcement. Typical criteria include:

- Does this project support the organization's policy goals and objectives?

⁸ Individual program process may vary.

- Does the proposal contain a complete, clear, and concise narrative statement and budget?
- Does the organization have a history of undertaking the outlined activities or a demonstrated special expertise in the field?
- Are the goals and activities realistic and achievable within the outlined schedule?
- Has the organization demonstrated the institutional capacity to implement the program?
- Does the organization have a clear and functional management structure?
- Does the organization have qualified employees?
- Does the organization have a financial management structure to properly expend and account for U.S. government funds? (The Department reserves the right to send an auditor to review the system.)
- Is the budget reasonable? Does it provide enough detail? Are all the costs allowable under regulations?

The proposal review process can consist of the following:

1. The Bureau/Office contacts the organization's headquarters to acknowledge receipt of proposal.
2. The appropriate Bureau/Office within the Department and/or the respective U.S. Embassy may both consider the proposal collaboratively. The Bureau/Office may schedule a formal proposal review in Washington, D.C. The Bureau/Office retains the right to reject a proposal at any point in the review process. The reasons for rejection will be relayed to the organization's headquarters.
3. The formal proposal review board (a) accepts the proposal as is, (b) rejects the proposal outright, or (c) accepts the proposal with revisions. The Bureau/Office contacts the organization's headquarters to notify them of the result of the review.
4. The Bureau/Office prepares and processes the necessary documentation for appropriate approval and recommendation for funding the project.
5. The assigned Grants Officer in the Bureau/Office authorizes the successful applicant to implement the project through issuance of an assistance award. The Bureau/Office sends the signed assistance award document to the organization's headquarters for counter-signature. An authorized official within the organization countersigns the award document and returns it to the Department via Federal Express, DHL, overnight courier or standard courier.

5.1.2 Negotiation

It is possible that your proposal is conditionally accepted during the review process. If this is the case, the Grants Officer will contact you with the details of changes needed for the award. If both the Grants Officer and your organization mutually agree on the proposed changes, then the proposal is one step away from award issuance.

5.1.3 Congressional Notification and Oversight

Congress must review most domestically-awarded Department grants or grant programs in advance of the proposed award. This is usually accomplished by the Program Officer, but can also be carried out by the Grants Officer. The notification is routed to the appropriate committee for the program or appropriation. Sometimes their review is pro forma, but in other cases they may raise serious concerns about the activity or selection process that must be addressed by the Department before the award can proceed.

5.1.4 Notification to Unsuccessful Applicants

The Grants Officer or Program Officer will send a written notice to unsuccessful applicants for federal assistance generally within 30 calendar days after the notice of award is issued to successful applicants. Upon request, unsuccessful applicants will be provided an explanation of the reason(s) for disapproval of their application, which may include matters such as weaknesses of the application, lack of funding, or similar concerns.

5.2 Notice of Award

5.2.1 Overview

The Department developed a standard Notice of Award in compliance with the Office of Management and Budget's (OMB) instructions to standardize the entire federal assistance process. The Notice of Award contains up to four components:

- DS-1909, Federal Assistance Award Coversheet; mandatory for all Department awards
- Award Specifics
- Standard Terms and Conditions

The Terms and Conditions component is standard for all recipients, although differences exist for domestic and overseas recipients. Copies are available from the A/OPE/FA's website resources at <http://fa.statebuy.state.gov>. These terms and conditions apply to every Department federal assistance award. In addition, further administrative and/or program requirements may be included in bureau-, program- or post-specific components. Grants Officers must confirm that the potential recipient is aware of all terms and conditions in the Notice of Award and that, at a minimum, the award clauses reference the Department-wide and, if applicable, bureau-, program- or post-specific requirements.

5.2.2 Special Requirements for "High Risk" Recipients

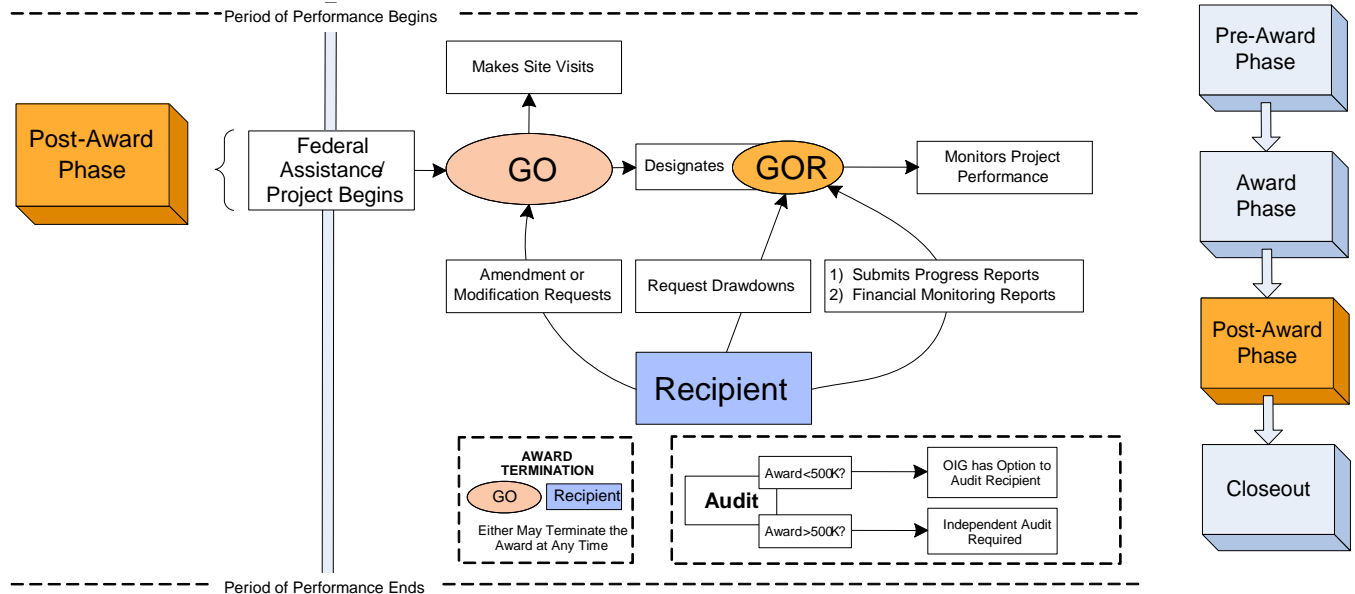
Unique award conditions generally consisting of special reporting requirements, increased monitoring by the awarding office, and/or special payment procedures may be applied to recipients considered to be "high risk" by the awarding bureau/office/post. High Risk recipients will be notified in writing by the Grants Officer of their status, the reason for the determination, and the actions that must occur to remove the special conditions. For more information, see [2CFR Part 200](#).

5.3 Grants Officer Signatory Authority

Grants Officers appointed by the Procurement Executive have signatory authority to award and amend federal assistance agreements. The Grants Officer is also responsible for reviewing financial status reports in conjunction with program activity, and approving payment requests.

Upon award, the Grants Officer will designate a Grants Officer Representative (GOR) for all awards \$100,000 or more, to monitor the programmatic and technical performance of the project. The GOR is the main point of contact at the Department for the recipient and acts as the interface between the recipient of the assistance award and Program Officers. However, any modification to the project, either program or financial, outside the limits prescribed in the award, must be approved, in writing, solely by the Grants Officer.

6. Post-Award Phase – Project Performance



6.1 Overview

To ensure compliance with the purpose of the federal assistance award, the Grants Officer, in partnership with the Program Officer/Grants Officer Representative, determines monitoring activities to ensure a recipient follows Department, bureau/post, and program requirements. If the recipient has an established reliable track record and developed a well-planned project, and the expected requirements have been clearly communicated from both sides, the post-award process can be a simple, positive experience. The recipient is responsible for managing the day-to-day operations of activities supported by the award. The timely submission of required progress and financial reports, and an open productive communication with the Grants Officer, Grants Officer Representative and Program Officer, can alleviate most issues and reduce the burden of monitoring for all involved.

- Monitoring is the process by which the programmatic and financial management performance of a federal assistance award is continuously reviewed by the awarding program and assistance officials.
- Monitoring by the Grants Officers, Grants Officer Representatives, and Program Officers seeks to ensure that a recipient is (a) using the funds for the intended purpose, (b) charging appropriate costs within the appropriate times, and (c) meeting the goals and objectives outlined in the award.
- Monitoring can include reports, as well as interaction with the recipient through meetings, telephone calls, site visits, or correspondence.

The recipient has primary responsibility for the performance of a federal assistance award. It is the Grants Officer's responsibility to ensure that the Department gets what it

pays for through good recipient performance, and that appropriate funds are appropriately used through adherence to USG regulations and award terms and conditions. The Department representatives evaluate performance based on these five basic elements of administration of an agreement:

- Assuring that the recipient does the work that the assistance award calls for
- Assuring performance along the most beneficial lines of effort
- Assuring satisfactory quality
- Assuring timeliness of performance
- Assuring performance within available funds

6.2 Performance Monitoring

Personnel Assignments

The Grants Officer may monitor the number and levels of personnel working on the assistance award through review of supporting payroll material. The Grants Officer has a legitimate interest in, and may properly request a recipient to supply information on, the qualifications of individuals assigned to the assistance award work.

However, recruitment, hiring, and firing of recipient personnel must be recognized at all times as being the function of the recipient, not the U.S. government. The U.S. government's role, through the Grants Officer or Grants Officer Representative, is one of reviewing the recipient's assignments and qualifications of those personnel, and taking steps to work out corrective measures with the recipient where personnel qualifications are deemed inadequate.

6.2.1 Monitoring Assignments of Key Personnel

To ensure that the Department benefits from the "Key Personnel" clause, Grants Officers keep in touch with key personnel and remain aware of the work that they are undertaking. For example, it is obviously not expected that a key person designated in the assistance award as "Project Director" will personally do all the work that the assistance award requires. However, he or she is expected to devote the time and effort needed to direct and guide the work. The Grants Officer will keep in touch with the director to disclose what degree of control the director has over his or her assistants, how well he or she is informed of what they do, what their state of progress is, etc.

6.2.2 Monitoring Assignments of "Non-Key" Personnel

The Grants Officer may also ask to review personnel other than "key personnel" who are also important to satisfactory assistance agreement performance. If those who perform in particular areas of the assistance agreement seem to lack the experience or training to do the job required, the Grants Officer or Grants Officer Representative will bring it to the recipient's attention.

6.3 Types of Monitoring

There are several methods Grants Officers and Program Officers employ to monitor federal assistance awards:

- **Monitoring by Telephone or Letter:** Monitoring the progress of the program can be accomplished by telephone, postal mail, or email. Topics that can be covered by this form of monitoring include administrative and fiscal operations, program activities, and evaluation procedures.
- **Site Visits:** Staff conducts site visits as warranted by the project/program need or as requested by the recipient to substantiate progress and compliance with laws, regulations, policies, and to provide technical assistance. Site visits also permit the review of financial records, documentation of expenditures, and the adequacy of financial and other administrative systems. More information on site visits can be found in Section 6.3, below.
- **Review of Financial Status and Progress Reports:** Periodic financial reports and progress reports are required from recipients. The content and frequency of these reports is determined by the specific Bureau/Office, program, and award conditions. Section 6.5, below, discusses reports in more detail.
- **Audits:** OMB Circular [2 CFR Part 200, Subpart F](#) requires that U.S. based organizations that expend \$750,000 or more per year in Federal awards conduct a single audit. Single audits, as well as other audits, are usually conducted annually and deal with financial and compliance matters. Areas of material weakness identified by auditors should be quickly addressed. If not corrected by the recipient, the weaknesses may be defined as program abuse and lead to suspension or termination. Foreign (Overseas based) organizations that expend over \$750,000 in Department of State funds in their Fiscal Year are required to have an independent financial audit conducted in compliance with the Generally Accepted Accounting Principles (GAAP).

6.4 Site Visits

If a recipient is a large and complex organization, a site visit may be performed to monitor financial management and program performance. Site visits are usually conducted jointly by the Grants Officer's Representative and the Grants Officer. These individuals may ask to see any records, property, or recipient staff relevant to the award. A site visit is usually arranged in advance with the recipient.

The criteria that Department officers utilize in determining the need for, and priority of, a site visit include:

a. **Strength or Capacity of Recipient Organization:**

- Basic organizational, financial, or management capabilities
- Risk assessment level of perspective recipient
- Level of assistance award funding or visibility of perspective recipient

b. **Issues or Problems:**

- Significant Office of the Inspector General (OIG) or other audit findings, including A-133 audit findings

- Audit resolution or determination of corrective actions
 - Change in key management, staff leadership or oversight
 - Apparent lack of internal controls and accounting procedures
 - Changes in scope of work or budgets without prior approval
 - Over-expenditures or apparent excess drawdowns
 - Failure to provide timely and accurate Financial and Program Status Reports
 - Financial Status Reports that do not correspond to activity
 - Improper or unallowable expenditures
 - Serious staff issues
 - Award compliance issues
 - Failure to follow-up on previous issues
 - Other apparent issues or concerns
- c. Sub-Recipient Issues or Concerns:**
- Extent and level of oversight of sub-recipients/sites
 - Sub-assistance recipient/site compliance issues
 - Sub-assistance recipient failure to follow-up in a timely way
 - One or more high-cost or high-visibility sub-recipients/sites
 - One or more new sub-recipients
- d. Request for Visit by Recipient, Program, or Other Vested Party**
- e. Date of Last Visit**
- f. Utilization of Resources** (e.g., geographic proximity to another assistance recipient being visited)

6.5 Adequacy of Financial and Management Systems

Throughout the monitoring process, the Grants Officer and Grants Officer's Representative will utilize site visits, reports and other monitoring techniques to ensure that the recipient has adequate financial and management systems in place. These requirements can be found in OMB Circular 2 CFR Part 200, Sub part D.

Financial system requirements are particularly important. The recipient's recordkeeping system should, at a minimum, organize and summarize transactions in a way that provides the basis for preparing financial statements, and provide the lowest level of detailed documentation (invoices, contracts, and purchase orders) to be able to trace financial statement balances through the recipient's general ledger, cash books, and other summary journals to the origin of detailed accounting transactions and their supporting documentation for audit trail purposes.⁹

⁹ For a complete discussion of the federal standard financial systems requirements for which assistance award recipients must abide, please see OMB Circular A-110.

6.6 Reporting

6.6.1 Reporting Requirements

Recipients MUST submit financial reports; program reports are also stipulated by some bureaus. Reports are generally required as a means of evaluating the recipient's work progress and utilization of resources. They are usually divided between a progress report and a financial status report. Reporting formats are approved by the Department in accordance with OMB guidelines, and will serve as the only forms approved for use with Department of State assistance awards.

The Grants Officer may ask for copies of drafts, texts, or other documents prepared to-date, or for other data/documentation that should be in existence if work is proceeding according to plan. Cases have occurred in which lower level personnel have intentionally or unintentionally misled their superiors into signing a progress report that indicated far more progress than had in fact been achieved.

6.6.2 Progress Reports

The Progress Report compares actual to planned performance and indicates the progress made in accomplishing each assistance award task. The report should include relevant details for assessing the status of performance, such as a brief, factual description of the progress made. The report should not be unduly burdensome to prepare and is generally submitted in letter form. All program reports must be submitted with the [SF-PPR – Performance Progress Report](#).

Progress reports enable both the recipient and Department grants personnel to periodically evaluate the work accomplished in relation to goals, objectives and requirements of the assistance award.

As the award progresses, unforeseen difficulties may threaten completion of the award within the period of performance specified in the terms and conditions. If this occurs, the progress report must indicate (a) the specific task that is not progressing according to plan, (b) the reason(s) for the difficulty, (c) specific recommendations for remedial action, and (d) the resources that will be required to bring the project back on schedule.

6.6.3 Financial Status Reports

Financial Status Reports are required at least annually, but not more than quarterly. In addition, a final financial report must be submitted at the end of period of performance (close-out), as discussed in Section 7, below. Financial reports must be prepared on the [SF-425 – Federal Financial Report](#) unless specified otherwise in the bureau/program-specific terms and conditions. If the recipient is delinquent in submitting this report, payments by the awarding agency may be delayed or suspended until the report is received.

Review of the SF-425 is a critical element in financial status monitoring. It provides a means of monitoring costs, expenditures and cash balances. Significant differences

between progress and the expenditure of resources often indicate problems in assistance award performance.

In reviewing the report, the Grants Officer and Grants Officer's Representative must ensure that:

- **Cost computations are correct**
- Costs are incurred and reported within the authorized period
- Costs are in accordance with the authorized items of expenditures
- Costs are allowable
- All reported amounts can be reconciled with Department accounting/payment system data
- The recipient is not maintaining a large unused balance of funds on-hand
- Payments are commensurate with the progress being made on the award activity

In addition to the SF-425, Grants Officers and Grants Officer's Representatives may sometimes request more detailed, additional information. This will depend upon the type of assistance award, the nature of the work, and the method of payment.

6.6.4 Delinquent Reports

When it is determined that a recipient is delinquent in filing reports, payments may be suspended and/or the assistance award terminated.

6.7 Payment Requests

Under Department assistance awards, funds are transferred incrementally to a recipient. The terms and conditions of the notice of award will contain the payment method and procedures, including the frequency and timing of payment request submissions. The Grants Officer approves all payment requests in consultation with the Grants Officer's Representative.

Depending on the award, recipients receive funds either through the [Payment Management System](#) (PMS), which is operated by the Department of Health & Human Services (HHS), or through submittal of the [SF-270, Request for Advance or Reimbursement](#), which is used for Electronic Funds Transfer (EFT), cash, or check disbursements. **Note that it is the Department's policy to utilize PMS for all payments to domestic recipients.** Limited exceptions may be approved by the Bureau of Resource Management's Office of Federal Assistance Financial Management (RM/DCFO/FPRA/FAFM). Requests for exceptions should be addressed to your Grants Officer or Grants Officer's Representatives.

6.7.1 The Payment Management System (PMS)

PMS is a centralized grants payment system utilized by the federal government. The system is fully automated to receive payment requests, edit them for accuracy and content, transmit the payment to either the Federal Reserve Bank or the U.S. Treasury for

deposit into the recipient's bank account, and record the payment transactions and corresponding disbursements to the awarding agency's financial system.

The Department uses PMS to pay primarily domestic (non-foreign) recipients. It can be used to pay foreign recipients as long as they have a corresponding U.S. domestic bank account (i.e., an American Banking Association (ABA) routing number) for funds transfer. However, due to complications experienced in the past (e.g., transfer delays between the corresponding U.S. bank and the foreign bank, and excessive service fees), use of PMS for foreign recipients is not generally recommended.

PMS requires recipients to complete an [SF-1199A Direct Deposit](#) form and a *Primary Contact Person* form to provide the required banking information. These forms may be obtained from any FDIC-insured financial institution, or downloaded from the [PMS website](#). Instructions are included in the downloadable version. A PMS account liaison coordinates with the recipient to issue passwords and identification (ID) numbers to allow recipients to process fund requests. PMS instructions can be found at www.dpm.psc.gov.

6.7.2 Payments Using the SF-270, Request for Advance or Reimbursement

Recipients not paid through PMS must request payment by submitting a signed [SF-270, Request for Advance or Reimbursement](#), to the award management office identified in the DS-1909, *Notice of Award*, coversheet. The Grants Officer or Grants Officer's Representative will review the request to ensure that:

- All computations are correct,
- All reported amounts correspond with Department financial records,
- Expenditures are in accordance with the approved award budget,
- The recipient does not have a large balance of unused/excess funds (cash on-hand),
- Funds requested are commensurate with the activity completed and/or projected, and
- The form has been signed by an authorized official of the recipient organization, and
- No other concerns exist.

Disbursements requested through the SF-270 are usually processed via an Electronic Funds Transfer (EFT). However, overseas recipients may, with the Grants Officer's consent (and in alignment with embassy policies), receive disbursements in cash or check once the SF-270 has been processed and approved.

6.7.3 Timing of Payment Requests

Regardless of payment method, recipients can submit payment requests as frequently as required to meet the needs to disburse funds for program purposes. However, advances should be timed to meet the needs of the recipient, match actual receipts for disbursements, and be consolidated to cover anticipated cash needs.

Recipients utilizing PMS should, whenever administratively feasible, time each request for advance so that funds are received on the same day as the need to disburse the funds for direct program costs. When same-day transfers are not feasible, advance payments should not exceed three (3) days' estimated cash needs (i.e., cash on-hand).

For awards where payment is disbursed via the [SF-270](#), recipients should limit their payment requests to once a month for domestic grants and quarterly for overseas grants.

6.7.4 Approval of Payments & Minimizing Cash On-Hand

Grants Officers and Grants Officer's Representatives closely review recipient financial status reports and monitor program progress. Payment requests will not be authorized if the recipient:

- Is delinquent in the submission of required financial and program reports;
- Has a large cash balance showing on the financial reports indicating that more money has been drawn-down than is actually needed;
- Is requesting more funds than is commensurate with the amount of work accomplished; and/or
- Is otherwise failing to meet the terms and conditions in the grant Notice of Award.

Cash advances should be limited to the minimum amounts needed.

6.7.5 Special Payment Requirements

Special payment requirements may apply if a recipient is determined to be "high risk" by the Grants Officer or Grants Officer's Representative. In these cases, reimbursement of actual cash expenditures is the preferred method of payment when recipients are unable to meet the requirements for advance funding. Reimbursement payments are usually not made more frequently than monthly.

Working capital advances may be provided if the recipient cannot meet the criteria for advance payments and the Department has determined that reimbursement is not feasible because the recipient lacks the sufficient working capital. With working capital advances, it is often required of the recipient to provide an additional written description of the specific need and to certify that the funds shall be utilized to satisfy only those areas they have described.

6.8 Program and Financial Revisions

6.8.1 Overview

While it is anticipated that recipients will adhere to the terms and conditions and purpose of their assistance award, it is recognized that occasionally, after the issuance of an assistance award, the circumstances and operating environment surrounding the award program may change. This might involve unanticipated changes in the political, security or economic environment of the foreign country where the award activity was supposed

to occur or from where program participants were to come. Such changes may compel a required deviation from the original assistance award terms.

The Grants Officer, and only the Grants Officer, can consent to either a program or budget adjustment. This consent, which comes in the form of an amendment to the Notice of Award, must be provided in writing and signed by the Grants Officer.

6.8.2 Program and Budget Revisions

Budget Revisions

Approval requirements for budget revisions are contained in the federal assistance Notice of Award. Each federal agency varies in the amount of flexibility it permits its assistance recipients in reprogramming funds without requesting prior USG approval. In general, high-risk recipients usually are constrained by more stringent parameters than standard recipients.

Note that adjustments between direct and indirect costs are not allowed under any circumstances without the approval of the Grants Officer. Inexperienced or high-risk recipients may be required to submit all budget revisions for approval in advance when the Grants Officer deems necessary.

Requirements for Authorized “No-Cost” Extensions of the Award Period of Performance

Extensions of the award period of performance which do not affect the funding level of the award are called “no cost” amendments. Such extensions may not be exercised merely for the purpose of using the unliquidated balances in an award.

The Department does *not* permit recipients to automatically authorize a one-time extension of the expiration date of an award if additional time beyond the established expiration date is required to assure adequate completion of the original scope of work within the funds already made available.

In these circumstances, the recipient must send written notice to the Grants Officer at least 10 calendar days before the expiration date specified in the award, requesting an extension and providing supporting reasons for the extension, as well as the desired new expiration date.

Final approval is subject to review by the Grants Officer. Recipients are strongly advised not to make new commitments or incur new expenditures after the expiration date in anticipation of approval of their extension request. As with budget revisions, no-cost amendments require the written consent of the Grants Officer.

6.9 Noncompliance, Suspension and Termination

6.9.1 Non-Compliance

Appropriate action may be taken to enforce any award requirement that is not being met by the recipient. If a recipient is not complying with a specific requirement of the award, such as submitting financial and performance reports or satisfactorily performing the project, the following steps can be taken:

- The Grants Officer's Representative (GOR) and/or Grants Officer may inform the recipient of the problem and request that the situation be remedied. A deadline should be established, with follow-up action taken if the recipient does not correct the situation.
- If the recipient does not agree that a problem exists, the GOR and/or Grants Officer will attempt to learn the basis for the recipient's position. If the recipient's position appears incorrect, the Grants Officer, in cooperation with the GOR, will determine the appropriate course of action to resolve whether or not the recipient is complying with the award.
- If the recipient is not in compliance with award requirements, the Grants Officer will issue written correspondence to the recipient stating:
 - The basis for noncompliance,
 - Required corrective action,
 - The date, with a prescribed number of days, by which corrective action must be taken, and
 - The action the Grants Officer will take if the recipient does not take corrective action.

6.9.1.1 Remedies for Noncompliance

If a recipient does not achieve compliance or provide satisfactory evidence that compliance will be achieved, the Grants Officer may take one or more of the following actions that the Department deems appropriate:

- Convert payment from an advance to a reimbursement method,
- Withhold payments pending:
 - The recipient's correction of the deficiency, or
 - The Department taking more severe enforcement action,
- Disallow or deny both use of funds and matching credit for all or part of the cost of the activity or action not in compliance,
- Recover misspent funds,
- Suspend or terminate the award for cause, in whole or in part, and/or
- Take other remedies that may be legally available under the circumstances

The recipient may also be subject to one or more of the actions described above if a sub-recipient materially fails to comply with a requirement that the Department,

in the award, required the recipient to include in the terms and conditions of the sub-award.

The Department's use of any remedy above, including suspension or termination of the award, does not preclude the recipient or a sub-recipient from being subject to debarment or suspension.¹⁰

6.9.1.2 Immediate Action

The Grants Officer may take any of the actions specified above immediately, without prior notice to the recipient, if the Grants Officer determines that:

- Serious mismanagement or misuse of funds exists,
- The recipient has ceased to exist or becomes incapable of fulfilling its award responsibilities,
- There is evidence the award was fraudulently obtained, and/or
- It is in the best interest of the United States Government.

6.9.2 Suspension of Payments

Unless otherwise required by statute, the Department shall not withhold payments for proper charges made by recipients at any time during the project period unless:

- A recipient has failed to comply with the project objectives, the terms and conditions of the award, or federal reporting requirements, and/or
- The recipient or sub-recipient is delinquent in a debt to the United States.

Under such conditions, a Grants Officer may, upon reasonable notice, inform the recipient in writing that payments shall not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the federal government is liquidated.¹¹

6.9.3 Termination of Award

6.9.3.1 Overview

Termination means the cancellation of federal sponsorship, in whole or in part, under an agreement, at any time prior to the date of completion. Termination may occur under any of the following scenarios:

- *By the Department*, if a recipient materially fails to comply with the terms and conditions of an award,
- *By mutual agreement*, in which case the two parties agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated, or
- *By the recipient*, upon sending to the Department written notification setting forth the reasons for such termination, the effective date, and, in

¹⁰ For further details on debarment and suspension, please refer to Executive Orders 12549 and 12689, Debarment and Suspension.

¹¹ For further guidance, please refer to OMB Circular 2 CFR Part 200.

the case of partial termination, the portion to be terminated. However, if the Department determines in the case of partial termination that the reduced or modified portion of the assistance award will not accomplish the purpose for which the assistance award was made, it may terminate the assistance award in its entirety under either of the conditions above.¹²

6.9.3.2 Termination by Mutual Agreement

A *Termination Mutual Agreement* occurs when both the recipient and the Department agree that continuation of the project would not produce beneficial results commensurate with the further expenditure of funds.

Either party may initiate a Termination by Mutual Agreement. The award may be terminated either in whole or in part. The Grants Officer and the recipient must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. When the recipient initiates the termination, it must send to the Grants Officer written notification setting forth the reasons for the termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if the Grants Officer determines that, in the case of partial termination, the reduced or modified portion of the assistance award will not accomplish the purpose for which the assistance award was made, the Grants Officer may terminate the assistance award in its entirety.

6.9.4 Effects of Suspension or Termination

When a Termination for Convenience is agreed to, the recipient must not incur new expenses or commitments for the terminated portion after the effective date, and must cancel as many outstanding obligations as possible. The Grants Officer will allow full credit to the recipient for the Department's share of the obligations properly incurred by the recipient prior to termination.

If a portion of the award is suspended or terminated, and the recipient or a sub-recipient incurs obligations during the suspension or after a termination that relate to the suspended or terminated portion of the project or program, the costs resulting from those obligations are not allowable unless the Department authorizes them either in the notice of suspension or termination or subsequently.

Other costs during the suspension or after termination that are necessary and not avoided reasonably, are allowable if they:

- Resulted from obligations that:
 - Were properly incurred before the effective date of the suspension or termination,
 - Were not in anticipation of it, and/or
 - Are not cancelable; or

¹² For further guidance, please refer to 22 CFR Part 145.61.

- Are otherwise allowable under the award.

6.9.5 Claims and Dispute Resolution Resulting from Suspension or Termination

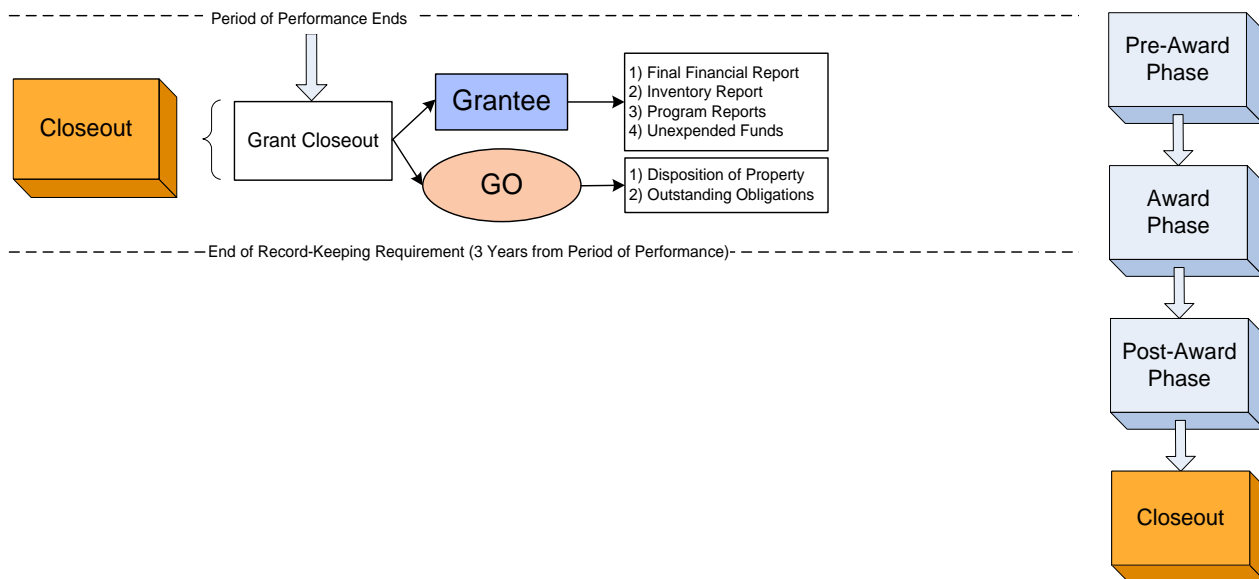
Please refer to “Appeals” (Section 8.4, below) for guidance regarding claims and/or disputes as a result of suspension or termination, in whole or in part.

Except as otherwise stated, a suspension or termination for cause may not be taken until at least 10 calendar days after the Grants Officer provides written notice to the recipient of the intent to suspend or terminate for cause. The notice should specify that suspension or termination for cause may result from the recipient’s failure to correct the noncompliance.

6.9.6 Closeout and Continuing Responsibilities

Upon termination of the award, the recipient must comply with applicable Department requirements for “Closeout,” and continue to have the responsibilities under “Adjustments and Continuing Responsibilities,” as applicable.

7. Closeout



7.1 Overview

The closeout of an agreement is the process by which the Department determines that all applicable administrative actions and required work have been completed. Closeout procedures should provide for:

- Submission of final financial and program reports,
- Prompt payment of allowable costs,
- Immediate refund of any unliquidated funds,

- Disposition of property acquired as a result of the award, and
- Conduct of any audits.

The recipient is required to submit all financial, performance and other reports within 90 calendar days after the date of completion of the award. The recipient must ensure that the total federal expenditures recorded on the final Financial Status Report (SF-425) are accurate and match the amount reported to the Department of Health and Human Services' (HHS) Payment Management System (PMS). The amount must also match the amount of funds drawn down from PMS.

Additionally, unless a no-cost extension has been authorized, all obligations incurred under the award must be liquidated no later than 90 calendar days after the end of the period of performance or date of award completion, whichever comes first.

Prior to accepting the final financial report, the Grants Officer must reconcile all financial discrepancies, including a determination that the recipient has used final negotiated indirect cost rates in calculating final assistance award costs and also ensuring that the recipient has met any required cost-sharing.

After the final reports have been received, prompt payment to the recipient for outstanding allowable costs must be made. In turn, the recipient must promptly refund any excess balance of funds that was advanced, paid or disallowed. These funds are not authorized to be retained for use in other projects.

Once all of the required documentation has been received, the unliquidated balance of funds from accounting records must be deobligated and the recipient provided with proper instructions on the disposition of any property acquired under the assistance award. The Bureau/Office must notify other federal agencies involved in the assistance award of the closeout action as well.

The Bureau/Office shall prepare a brief written evaluation of the recipient's performance and place a copy in the assistance award file.

7.2 Final Reports

Recipients shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports required by the terms and conditions of the award.

A program report must describe:

- How the goals of the assistance award were met,
- What problems were encountered and how they were resolved,
- The likely future impact of the completed activity,
- What new contacts were made,
- What new plans or projects were conceived,
- What issues were discussed, and

- The names of any program participants.

The Grants Officer usually forwards the program report to the appropriate Grants Officer's Representative and/or Program Officer for evaluation to ensure that the program was conducted in accordance with the terms of the assistance agreement, and the objectives and goals of the assistance program were accomplished.

The Grants Officer must review the final Federal Financial Report (SF-425) to ensure that the expenditures were in accordance with the terms and conditions of the award, all costs were incurred within the effective period of award, and that all expenditures were in accordance with the authorized items of expenditures stipulated in the agreement.

Final reports serve an additional purpose beyond simply verifying the recipient's adherence to the award agreement; they also can provide a persuasive rationale for the overall continuance of a particular program. Grants and Program Officers encourage their assistance awardees to provide additional project documentation with their final report such as photos, detailed write-ups, and published information that illustrates the overall benefits of the particular award or project.

7.3 Return of Funds

7.3.1 Overview

Funds are recovered from recipients for two reasons:

- At the end of the period of performance, the recipient may not have spent the full amount advanced to him. If the activity costs less than anticipated, the USG is obliged to collect these unused funds.
- A recipient used federal assistance funds in a manner not authorized in the award. The unauthorized expenditure is called a disallowed cost, and the USG recovers the overpayment.

Note: There are other instances where funds may be collected—e.g., interest earnings, program income, VAT refunds—but these are infrequent and are not discussed here. However, the procedures for receiving these funds are the same.

7.3.2 Disposition of Unexpended Funds

The recipient must return any unliquidated balances. Unliquidated balances are not authorized for use on other projects. The Grants Officer must reconcile expenses, award requirements, and federal cash paid to the recipient to determine collection of amounts due or de-obligation of unexpended funds.

The recipient must liquidate all obligations incurred under the award not later than 90 calendar days after the end of the project period, unless an extension has been approved by the Grants Officer.

The Grants Officer is responsible for processing any requests for reimbursement of funds or payment of amounts due the Department. If funds are due to the Department, the Grants Officer will ensure that instructions are sent to the recipient for the payment of funds. Recipient payments shall be returned 30 calendar days from receipt of instructions to avoid interest penalties. Likewise, reimbursements owed to the recipient shall also be made within 30 calendar days.

7.3.3 Return of Disallowed Costs

During the review of the final financial report, the Grants Officer may discover that the recipient used funds for expenditures not authorized in the award budget. Funds may also have been used for expenses not authorized by U.S. Government regulation. When this occurs, the Grants Officer will “disallow” those costs, and the funds must be returned to the Government. Section 8.3 contains more information on this topic.

7.3.4 Minimum Amount Owed Required to Initiate Collection Activities

There is no minimum amount that must exist prior to initiating a collection of funds; all funds due to the USG are subject to collection. All debtors must be notified of their indebtedness.

7.3.5 Procedures for Returning Funds

How funds are returned depends partially on how the funds were originally paid. Note that it is extremely important that **funds received through the Department of Human Services (HHS) Payment Management System (PMS) must be returned to PMS – not** to the Department of State – as long as the PMS account is still open. If the PMS account has been closed, then the funds are returned to the Department of State.

Regardless of how funds are returned, it is important to include with each fund submission the reason for the return, i.e., disallowed costs, excess cash, funds not spent, interest, etc. On electronic returns there are fields in place for submitting information with the financial data. Please make use of these fields and include pertinent subaccount information if it applies.

7.3.5.1 Funds Disbursed through the HHS Payment Management System (PMS) Account is Still Open

If payment(s) was made through the PMS and the account remains open, return the funds in one of the following ways:

ACH Direct Deposit (REX or Remittance Express)

Returning funds to DPM via ACH means you will most likely be returning funds to DPM in the manner in which they were received at your organization. You will need the following information:

DPM ACH Routing Number: **051036706**
DPM DFI Accounting Number: **303000**

FedWire

A FedWire return is a return via a wire transfer. You will need the following information:

DPM FEDWIRE Routing Number: **021030004**

DPM ALC (Agency Location Code): **7501050**

Check

Make the check payable to *The Department of Health and Human Services* and include the following information:

Indicate your PMS Account Number (PAN) on the check. This number can be found on page one of your PSC 272 Report.

Mail the check to:

**The Division of Payment Management (Federal ID #
521396046)**

P.O. Box 6021

Rockville, MD 20852

Include a brief statement explaining the nature of the return.

Note: You must include the PMS Account Number (PAN) with your submission. This number can be found on page one of your PSC 272 Report. This is important because it allows PMS to know where to credit the funding.

Questions on the use of each of these methods should be directed to Tonja Thomas, Department of State Account Representative at HHS PMS, at (301) 443-9141.

7.3.5.2 Funds Disbursed through PMS - Account has been Closed

If the award has been properly closed in PMS (transaction 059 processed), the refund should not be forwarded to HHS. The refund should be forwarded to the Department of State using the instructions for funds disbursed by the Department's Financial Service Center (FSC), below.

7.3.5.3 Funds Disbursed by the Department's Financial Service Center (FSC) - Vendor Claims

If payment(s) was made through the FSC in Charleston, South Carolina, returns should be sent directly to the Department of State. Check should be made out to the U.S. Department of State.

There are separate instructions for checks originating from domestic and overseas banks:

- **Checks Originating from Banks Located in the U.S.**

If the recipient's check is from a bank in the U.S., send the check to the lock box at the following address:

**Department of State
Accounts Receivable Division**

**P.O. Box 979005
St. Louis, MO 63197-9000**

Contact the Accounts Receivable Chief in RM/GFS/F/AR at 800-521-2116 or GFSCARChief@state.gov for issues concerning domestic checks.

- **Checks Originating from Banks Located Overseas**

If the recipient's check is from a bank located overseas, send the check directly to the Interface Control Division in FSC Charleston.

Note: The check must be in U.S. Dollars and less than 60 days old when forwarded to this location:

**Department of State
Financial Service Center – Charleston
Interface Control Division
P.O. Box 150008
Charleston, SC 29415
USA**

The following information must be submitted with the check:

- Funds to be credited to the financial system
- Organization
- Purpose
- Award Number
- Obligation Number
- Awarding Bureau
- Awarding Bureau Contact
Reason (Insert a brief description of why the funds are being returned.)

Contact RM/GFS/F/RR/IC (843-308-5579) for issues concerning overseas checks.

7.3.6 Uncollectable Accounts

If the debt is not repaid within 30 days after the responsible Grants Officer sends the initial demand letter notifying the recipient or individual of the debt and follow-up notices and telephone calls are unsuccessful, the official award file must be documented and the debt referred to the Accounts Receivable Office in the Bureau of Resource Management for further collection activity. Failure to pay debts due to the USG can result in penalties and/or suspension from receiving other USG grants and contracts.

7.3.7 Interest, Penalties, and Administrative Costs

The Accounts Receivable Office has responsibility for assessing interest, penalties and administrative charges according to federal debt collection regulations. The bureau, office, or post responsible for the allotment or program under which the debt arose can also assess these charges, if applicable. Any interest, penalties or administrative costs assessed by the bureau, office or post must occur prior to referral to the Accounts Receivable Office for collection.

7.3.8 Compromise and Termination

If a debtor requests a compromise, suspension, or termination, the Department will follow the guidance set forth in the Federal Claims Collection Standards (FCCS) 31 CFR Chapter IX Parts 900-903.

7.3.9 Closeout and Write-Off

The Department's Accounts Receivable Office will make the determination that it will not take any further action to try to collect debt and pursue appropriate accounting procedures to write-off the debt.

7.4 Disposition of Property¹³

At the end of the project period, the recipient must submit an inventory of any equipment acquired through award funds valued at \$5,000 or more to the Grants Officer. The Grants Officer will provide the recipient with disposition instructions within 120 days.

If the recipient no longer needs an item of equipment with a current fair market value of less than \$5,000, the item may be retained, sold, or otherwise disposed of without any further obligation to the Department.

Property considerations should be reviewed prior to the assistance award. Even if title to the equipment is given to the recipient, the recipient is still required to use the equipment on the project for which it was acquired as long as it is needed.

7.5 Retention of Records

7.5.1 Definition of Record

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final reports or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Department.

The following are exceptions to the timeframe stated above:

- If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- Records for real property and equipment acquired with federal funds shall be retained for three years after final disposition.

¹³ For further details, please refer to OMB Circular A-110 and 6 FAM 227.3.

- When records are transferred to or maintained by the Department, the three-year retention requirement is not applicable to the recipient.

7.5.2 Records Disposition Schedule

According to federal law (44 U.S.C. Chapter 33), federal agencies may not destroy or otherwise dispose of records without specific authorization from the Archivist of the United States in the form of an approved Records Disposition Schedule. A Records Disposition Schedule documents the major records series (including electronic records) related to the activities of each office, identifies temporary and permanent records, and provides mandatory instructions for the retention and disposition (retirement or destruction) of each records series based on their temporary or permanent status. A Schedule also identifies the **program** and **administrative** records of an agency. Program records document the unique, substantive functions for which an agency is responsible, while administrative records document routine management functions common to most agencies. Bureaus and posts should refer to the Department's Records Disposition Schedule if space for retaining paper files is an issue.

7.6 Continuing Obligations After Closeout

The recipient has a continuing responsibility for any audits after closeout of the award. The Department retains the right to disallow costs and recover funds under the award on the basis of findings or recommendations of an audit or other review that is conducted after closeout of the award. There is also a continuing obligation after closeout to return any funds later learned are due as a result of any:

- Refunds that are received
- Corrections (e.g., to amounts in final financial reports submitted at closeout)
- Other new information

8. Audits

8.1 Overview

Audits of assistance agreements support essential federal stewardship responsibilities. The Department is responsible to Congress and to taxpayers for efficient and effective use of federal funds. Audit reports can be effective and valuable methods for monitoring a recipient's financial performance, particularly with regard to the adequacy of its internal controls and the extent of its compliance with federal laws and regulations.

A report that shows material instances of noncompliance and questioned costs resulting from noncompliance can have very serious implications for continuance of the assistance agreement. If the problems are deemed significant, the recipient can be classified as high-risk and the assistance award may be reviewed for possible termination.

8.2 Audit Requirements

Recipients of federal assistance, regardless of amount or period of performance, are subject to a federal audit during the award's period of performance and up to three years after the award's closeout. In addition, OMB 2 CFR Part 200 requires recipients that

expend \$750,000 or more a year in federal awards to have either a single or program-specific audit conducted by an independent auditor for that year.

Those recipients that expend less than \$750,000 a year in federal awards are exempt from mandatory federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and the General Accounting Office (GAO) for at least three years after the final expenditure report.

In addition, regardless of the amount of federal assistance, overseas recipients are not subject to the independent audit requirement. However, overseas recipients are still subject to a government audit and must abide by the records-keeping, three-year minimum requirement as well.¹⁴

Audits of a recipient or award may result in the disallowance of costs incurred and the establishment of a debt (account receivable) due the Department. As a result, recipients should take their responsibility seriously to respond to all audit findings and recommendations with adequate explanations and supporting evidence. The recipient's own policies and procedures must consider the OMB cost principles documentation requirements when determining how to maintain the documentation to justify a particular transaction.

8.3 Disallowed Costs

Disallowed costs are those charges to an award that the federal awarding agency determines to be unallowable, in accordance with the applicable federal cost principles or other terms and conditions contained in the award. Disallowed costs can be identified through review of recipient budgets and supporting narrative, the agency's application package, recipient documentation to support expenditures, or single audit findings. Commonly found disallowed costs include improper indirect cost, undocumented expenditures, and expenditures for activities explicitly prohibited in the notice of award.¹⁵

When assistance expenditures are disallowed by the awarding agency, the recipient must repay the federal government for the improperly spent funds, using non-federal funds.

8.4 Audit Appeals Process

It is the Department of State's policy that the recipient should attempt to resolve audit problems first with the Grants Officer. If the Grants Officer's final decision is not satisfactory to the recipient, then an appeal of that decision may be made to the Audit Appeals Official in A/OPE.

¹⁴ Please refer to Inspector General Act of 1978, as amended, 5 USC Appendix I, Section 1 et seq.

¹⁵ For further guidance on disallowed costs, please refer to the appropriate Circular (depends on recipient type), either OMB 2 CFR Part 200.

9. U.S. Taxation Issues

Americans, “Green Card” holders, and other foreign individuals with U.S. tax responsibilities, must report all U.S. Government assistance awards to the U.S. Internal Revenue Service (IRS). This applies only to individuals receiving awards directly from the USG; it does *not* apply to organizations, or to individuals receiving payments from a not-for-profit organization that has received a grant from the USG. Non-Americans with no U.S. tax responsibilities are not required to pay taxes on their awards (*exception: see paragraph on scholarship recipients, below*).

For affected grantees who received \$600 or more in assistance in a single tax (calendar) year, the Department of State (or U.S. Embassy) will provide an [IRS-1099-G](#) form reporting the amount of assistance awarded. Grantees must then report the appropriate amount to the IRS as earned income. Note that certain expenses, such as transportation, per diem, and other “reimbursable” type of costs can be deducted as business expenses. Please contact the IRS directly for assistance on what to report.

Note for scholarship recipients: IRS rules for scholarship recipients are different. Foreign students, lecturers, researchers, etc. studying/working in U.S. universities on a residential (long-term) basis will likely need to report some or all of their award funds to the IRS as taxable income. If funds have been withheld for taxation purposes, a [W-2 form](#) will be issued. If no funds have been withheld, an IRS-1099-G will be issued. For guidance, please contact your sponsoring organization or institution.

GLOSSARY

The following are definitions for technical terms utilized in federal assistance management and throughout this guidebook.

Accrued Expenditures

Charges incurred by a recipient during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, sub-recipients, and other payees; and (3) other amounts becoming owed under programs for which no current services or performance is required.

Accrued Income

Sum of: (1) earnings during a given period from (i) services performed by the recipient, and (ii) goods and other tangible property delivered to purchasers; and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

Advance Payment

A payment made to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.

Allocable Cost

The cost must have a direct benefit and be directly attributable to the project or activity being performed. For example, an investigator purchases a piece of equipment in order to conduct a sponsored project. This piece of equipment is allocable to that project and can be charged as a direct cost to the project. The investigator also purchases office supplies for the entire department. These supplies are not directly attributable to the project and are therefore not allocable and cannot be charged as a direct cost to the project.

Allotment to Post

A special monetary allotment established under the guise of federal financial assistance intended for established programs.

Allowable Cost

The cost must be allowed by the OMB Cost Principles, and OMB Circulars A-21, Educational Institutions, A-87, State and Local Governments, and A-122, Non-Profit Organizations. For example, an investigator has three lab technicians working on her project and charges their salaries to the project. These are allowable costs to the project and can be charged as direct costs. The investigator takes her three lab technicians out to lunch during the project. This expense is an unallowable cost to the project and cannot be charged as a direct cost.

Applicant

An organization that has submitted an application in response to an assistance program funding opportunity program announcement.

Application Package

A group of specific forms and documents for a specific funding opportunity that is used to apply for an assistance award.

Application Package Template

One or more forms and documents that can be reused for multiple opportunity-specific application packages.

Application Reviews

An internal or external panel of individual(s) selected for the purpose of reviewing, evaluating, and ranking applicant assistance applications or proposals before an award is issued.

Appropriation

The Appropriations Law (*also known as fiscal law*) is the body of law that governs the availability and use of federal funds.

Assessed Contribution

Assistance provided to foreign countries, international societies, commissions, proceedings or projects that are lump sum, quota of expenses, or fixed by treaty.

Audit Findings

Deficiencies that the auditor is required to report in the schedule of findings and questioned costs, as required by OMB 2 CFR Part 200.

Audit Resolution

A process to determine what actions to take regarding the auditor's findings of questioned or unsupported costs.

Auditee

Any non-federal entity that expends federal awards, which must be audited as required by OMB Circular A-133.

Auditor

A public accountant or a federal, state, or local government audit organization that meets the general standards specified in Generally Accepted Government Auditing Standards (GAGAS). The term "auditor" does not include internal auditors of non-profit organizations.

Award

Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the federal government, to an eligible recipient. The term does not include: technical assistance that provides services instead of money; other assistance in the form of loans or loan guarantees, interest subsidies, or insurance; direct payments, of any kind,

to individuals; and contracts that are required to be entered into and administered under procurement laws and regulations.

Award Instrument

A grant, cooperative agreement, an award to a Public International Organization (PIO), property award or voluntary and/or assessed contributions used to transfer funds, property or something of value for a public purpose with or without substantial involvement by the U.S. government.

Award Period

The date specified in the award that reflects the project start and end dates for which expenditures may be charged to the award.

Award Specifics

Contains data elements for each instrument type and *is a required component* in all Notice of Awards. These Specifics provide the agreed upon purposes, incorporate the Standard Terms and Conditions by reference and/or in full text, and describe the award purpose/scope of work, method of payment, authorized budget, and reporting/monitoring requirements. All data elements in the Award Specifics are mandatory and must be filled in by the Grants Officer.

Bilateral Agreement

An agreement between the U.S. government and a foreign government under the terms of which a specific project is carried out and reflects the commitments made by both parties to accomplish the project objectives; the instrument that legally obligates executive agency funds to finance the activity; and a summary of the total project and its expected results as agreed upon by the U.S. government and a foreign government (*also see Letter of Agreement and Multilateral Agreement*).

Budget

The term budget means the financial plan for the project or program under an award that the awarding agency approves during the award process. It may include either the federal and non-federal share, or only the federal share, depending on the awarding agency's requirements.

Budget Officer

The government official responsible for all funds control activities designed to ensure that resources are utilized only for authorized purposes, and that those obligations and expenditures do not exceed amounts authorized or allocated (*also known as Certifying and Financial Management Officer*).

Catalog of Federal Domestic Assistance (CFDA)

An online database of all federal programs available to state and local governments, federally recognized Indian tribal governments, territories and possessions of the United States, domestic public, quasi-public, and private profit and non-profit organizations and institutions, specialized groups, and individuals.

Catalog of Federal Domestic Assistance Number

The number assigned to a federal program in the Catalog of Federal Domestic Assistance (CFDA).

Closeout

A process by which the awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and the awarding agency.

Cognizant Agency

The federal agency designated to carry out the responsibilities described in A-133.

Commercial Firm

This term refers to any corporation, trust or other organization that is organized primarily for profit.

Competitive Assistance Award

An award made through a competitive process.

Components

The term used for up to four parts of the Department's Notice of Award format. Each component is a document, either a form or a document template.

Contract

A contractual instrument awarded to a prime contractor or a sub-award made to a sub-contractor for the procurement of goods or services.

Contribution

This category includes discretionary financial assistance provided to foreign countries, international societies, commissions, proceedings, or projects.

Cooperative Agreement

An award where the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the state, local government, or other recipients to accomplish a public purpose of support or stimulation authorized by the federal statute, rather than acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the U.S. government; and substantial involvement is anticipated between the executive agency, acting for the U.S. government, and the state or local government or other recipients during performance of the contemplated activity.

Cost Sharing/Matching

Refers to that portion of project or program costs not borne by the U.S. government. Recipient cost sharing is subject to audit.

Data Universal Numbering System (DUNS)

A unique nine-character identification number provided by the commercial company Dun & Bradstreet (D&B).

Date of Completion

The date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which the awarding agency sponsorship ends.

The Department

Refers to the Department of State, including all of its activities, wherever located.

Direct Loan

Financial assistance provided through the lending of federal monies for a specific period of time, with a reasonable expectation of repayment. Such loans may, or may not, require the payment of interest. Loans may be made directly by the Department or through an intermediate organization.

Directed Assistance Award

An assistance award issued pursuant to a program mandated by agreement, treaty, or other legislation.

Disallowed Costs

Charges to an award that the awarding agency determines to be unallowable in accordance with the applicable federal cost principles or other terms and conditions contained in the award.

Discretionary Grants

Discretionary grants (or cooperative agreements) permit the federal government, according to specific authorizing legislation, to exercise wide latitude and judgment in selecting both the projects and the recipients. Discretionary grants may also be referred to as travel grants, program grants, property or conference grants, etc., depending on the nature of program supported.

Domestic Organization

Refers to the location of the recipient's headquarters office. A domestic organization has its headquarters located in the United States.

Donated Property

Tangible, non-expendable personal property, including: (1) exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit; (2) property under the control of an awarding agency that is determined by the agency head as no longer required or needed, and is donated to a recipient; or (3) donated supplies.

Effective Date

The date specified in the award that reflects the start date for which expenditures may be charged to the award.

Equipment

Tangible, non-expendable personal property, including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, consistent with recipient policy, lower limits may be established.

Excess Property

Property under the control of any federal awarding agency that, as determined by the agency head, is no longer required or needed for the discharge of its responsibilities.

Exempt Property

Tangible personal property acquired in whole or in part with federal funds, where the awarding agency has statutory authority to vest title in the recipient without further obligation to the federal government. An example of exempt property authority, as contained in the Federal Grant and Cooperative Agreement Act, 31 USC 6306, is property acquired under an award to conduct basic or applied research by a non-profit institution of higher education or non-profit organization whose principal purpose is conducting scientific research.

Expenditures

Charges made to the project or program. They may be reported on a cash or accrual basis (*also see Outlays*).

Federal Agency

Has the same meaning as the term “agency” in Section 551(1) of Title 5, United States Code (USC).

Federal Awarding Agency

The federal agency that provides an award directly to the recipient.

Federal Financial Assistance

Assistance that non-federal entities receive or administer in the form of assistance awards, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals as described in A-133.

Federal Financial Report

Financial reports provide a means of monitoring expenditures and comparing costs incurred. Financial reports are reviewed by the Grants Officer for compliance with the terms and conditions of the award.

Federal Funding Accountability and Transparency Act (FFATA)

Requires that information on federal awards be made available to the public via a single, searchable database.

Federal Register

The *Federal Register* is a serial publication of Presidential documents, documents of general applicability and legal effect, and documents required by statute to be published. The Federal Register provides a uniform system that notifies the public of regulations and public notices affecting them.

Federally Owned Property

Property in the possession of, or directly acquired by, the U.S. government and subsequently made available to a recipient of either a grant or contract. Federally owned property is also referred to as *Government-Furnished Property*.

Financial Assistance

This term means the transfer of a thing of value from an agency to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States [*see 31 USC 6101(3)*].

Financial Management Specialist

An individual who is responsible for managing the Department funds pertaining to grants, cooperative agreements, and other cooperative assistance programs.

Foreign Public Entity (FPE)

An organization composed principally of governments, in which the U.S. participates

Funding Opportunity Document

The means by which the government makes known to the public the availability of funds for programs that will be funded by the federal agency. The funding opportunity document can be in the form of a program announcement on Grants.gov or website or program solicitation that includes amount of funds available, description of the program and award criteria.

Funding Opportunity Number

The federal agency, bureau or office number assigned to an assistance announcement.

Funding Period

The period of time when federal funding is available to the recipient under the terms of an assistance agreement.

Government

Refers to the Government of the United States of America unless specifically stated otherwise, such as a state or local government or a federally recognized Indian tribal government.

Government Accountability Office (GAO)

The Government Accountability Office is the audit, evaluation, and investigative arm of the United States Congress.

Government-Furnished Property (GFP)

Property in the possession of, or directly acquired by, the U.S. government and subsequently made available to a recipient of either a grant or contract. GFP is also referred to as *Federally Owned Property* within 2 CFR 200.

Grant

A type of assistance instrument that may be used when it is anticipated that there will be no substantial involvement between the agency and the recipient during performance, and the principal purpose is the transfer of money, property, or services to accomplish a public purpose of support or stimulation authorized by federal statute.

Grants.gov Tracking Number

An identification number used by Grants.gov to identify each application it receives.

Grants Officer

The government official who has legal responsibility for the award, and is authorized to negotiate for the government the terms and conditions of an award and obligate funds for the award. Only the Grants Officer can take action on behalf of the Government to enter into, amend, or terminate an award. The Grants Officer is authorized by warrant and required to exercise prudent management over assistance funds.

Grants Officer Representative

The Grants Officer's technical representative designated, in writing, by the Grants Officer to administer certain aspects of the assistance instrument post award. This authority is not redelegable other than as specified in the Grants Officer's designation letter. The GOR is required to exercise prudent management and oversight of the award through monitoring and evaluating the recipient's performance.

Impact

A result or effect that is caused by or attributable to a project or program. Impact is often used to refer to higher-level effects or a program that occurs in the medium or long term, and can be intended or unintended, and positive or negative (*also see Output, Outcome, Results, and Inputs*).

Indirect Costs

Costs incurred for a common or joint purpose and therefore cannot be identified readily and specifically with a particular sponsored project or other institutional activity.

Individual

A person or individual, as opposed to a structural entity. This is someone who submits an application on his or her own behalf, and **not** on behalf of a company, organization, institution, or government. Individuals sign the application and its associated

certifications and assurances that are necessary to fulfill the requirements of the application process.

Inputs

Resources provided for program implementation. Examples are money, staff, time, facilities, equipment, etc. Inputs and outputs are two measurable aspects of any program or an award. Inputs and outputs are not the same as outcomes, results and impact (*also see Output, Outcome, Results, and Impact*).

Insurance

Financial assistance provided to assure reimbursement for losses sustained under specified conditions. Coverage may be provided directly by the federal government or through private carriers and may, or may not, involve the payment of premiums.

Inter/Intra-Agency Agreement (IAA)

Refers to an Economy Act agreement representing a valid obligation against the ordering agency's appropriations under 31 USC, Section 1535, which authorizes one agency to perform services or provide items to another agency either directly or by contract with a private party. (*See Memorandum of Understanding [MOU]/Memorandum of Agreement [MOA].*)

Internal Control

A process, affected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations; (2) reliability of financial reporting; and (3) compliance with applicable laws and regulation.

Invitational Travel

Travel that is authorized for non-government employees who qualify under the definition; this travel is authorized for both U.S. and foreign citizens not employed by the U.S. government, not receiving any type of compensation and only when it is determined that the functions to be performed are a direct service to the U.S. government.

Key Personnel

Employees who will lead or be highly involved with the projects funded by the grant. The Grants Officer holds the right to examine these individuals qualifications and must be notified if any of the key personnel change.

Letter of Agreement (LOA)

(a) An agreement between the U.S. government and a foreign government under the terms of which a specific project is carried out and reflects the commitments made by both parties to accomplish the project objectives; (b) the instrument that legally obligates executive agency funds to finance an activity; and (c) a summary of the whole project and its expected results as agreed upon by the U.S. government and a foreign government (*also see Bilateral and Multilateral Agreements*).

Liquidation

Termination of a business operation by using its assets to discharge its liabilities.

Loan

A federal loan or loan guarantee received or administered by a non-federal entity (*Assistance provided through the lending of federal monies*).

Local Government

Any unit of local government within a state, including a county, borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, and any other instrumentality of local government.

Mandatory Grants

Mandatory grants are governed by Congressional legislation that defines the programs and specific award conditions made to organizations that meet statutory eligibility, compliance requirements, and the Department's implementing regulations.

Memorandum of Understanding (MOU)/Memorandum of Agreement (MOA)

An Economy Act agreement or memorandum for reciprocal services representing a valid obligation against the ordering agency's appropriations under 31 USC, Section 1535, which authorizes one agency to perform services or provide items to another agency either directly or by contract with a private party (*also see Inter/Intra-Agency Agreement [IAA]*).

Merit Review Panel

A panel established for the purpose of reviewing grant proposals prior to the granting of an assistance award.

Multilateral Agreement

An agreement between the U.S. government and multiple parties, including a foreign government, under the terms of which a specific project is carried out and that reflects the commitments made by both parties to accomplish the project objectives; the instrument that legally obligates executive agency funds to finance the activity; and a summary of the whole project and its expected results as agreed upon by the U.S. government and a foreign government.

Negotiated Indirect Cost Rate Agreement (NICRA)

Indirect costs are only applicable to assistance supplied to domestic organizations, not individuals or overseas recipients, and require the establishment of an NICRA with the cognizant agency associated with the recipient.

Non-Federal Entity

A state or local government or non-profit organization.

Non-Profit Organization

Any corporation, trust, association, cooperative, or other organization that is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; is not organized primarily for profit; and uses its net proceeds to maintain, improve, or expand its operations. The term “non-profit organization” includes non-profit institutions of higher education and hospitals.

Notice of Funding Opportunity (NOFO)

A publicly available document by which a federal agency makes known its intentions to award discretionary grants or cooperative agreements, usually as a result of competition for funds. Funding opportunity announcements may be known as program announcements, notices of funding availability, solicitations, or other names depending on the agency and type of program. Funding opportunity announcements can be found at Grants.gov/FIND and on the internet at the funding agency’s or program’s website.

Obligations

The amounts of orders placed, contracts and grants awarded, services received and similar transactions during a given period that require payment by the recipient during the same, or a future, period.

Office of Management and Budget (OMB)

Executive Office of the President that oversees and coordinates the Administration’s procurement, financial management, information, and regulatory policies. OMB’s role is to help improve administrative management, to develop better performance measures and coordinating mechanisms, and to reduce any unnecessary burdens on the public. OMB leads the development of a government-wide policy to assure that grants are managed properly and that federal dollars are spent in accordance with applicable laws and regulations.

OMB Circulars

Government-wide guidance on Grants and Cooperative Agreements, which sets forth standards for obtaining consistency and uniformity among federal agencies.

Organization

An applicant who is submitting an application on behalf of a company, state, local or tribal government, academic or research institution, non-profits, or any other type of institution.

Outcome

A quantitative measuring tool. For example, the number of articles published or the number of people attending a training. Everything can be measured in some way and quantitative data is often very important to stakeholders. Results and impact mean “change” from a benchmark and indicate if a target was successfully reached (*also see Inputs, Results, and Impact*).

Outlays

Charges made to the project or program (*also see Expenditures*).

Output

A product or service that was delivered via an assistance award program. The products, goods, and services that result from an intervention. Inputs and outputs are two measurable aspects of any program or an award. Inputs and outputs are not the same as outcomes, results and impact (*also see Inputs, Outcome, Results, and Impact*).

Overseas Office

Refers to a “Post” or U.S. Cultural Center that is part of the U.S. embassy abroad and is located outside the U.S.

Overseas Organization

An organization that submits an application for a federal assistance project and has headquarters outside the U.S.

Payment Management System (PMS)

Refers to the Department of Health and Human Services’ (HHS) full-service centralized automated grants payment system that provides disbursements to recipients and allows recipients to draw down obligated funds electronically. PMS records the payment transactions and corresponding disbursement transactions to the appropriate account(s).

Performance Measurements

Ways to objectively measure the degree of success that a program had in achieving its stated objectives, goals and planned program activities. The measurements align the Department’s strategic objectives with those of the award (*also see Inputs, Output, Outcome, Results, and Impact*).

Period of Performance

The date specified in the award that reflects the project start and end dates for which expenditures may be charged to the award (*also see Award/Project period*).

Personal Service Agreement

An agreement where there is an employer/employee relationship between the Government and the recipient.

Personal Service Contract

A contract where there is a direct employer/employee relationship between the Government and the contractor.

Post-Specific Guidelines

The Bureau/Program/Post-Specific Requirements are in addition to, or that deviate from, requirements in the U.S. Department of State (DOS) Standard Terms and Conditions for

Federal Assistance Awards. Bureaus and posts should fill in those data elements that apply. If a bureau or post opts to use the Specific Requirements, only the Grants Officers are authorized to add, not alter or delete, data elements unique to the type of instrument award.

Pre-Award Costs

Expenditures incurred within the 90-day period preceding the effective date of the award.

Prior Approval

This term means written approval by an authorized Department official evidencing prior consent for recipients' actions that require approval.

Program Announcement

Refers to a formal publication that announces the Department assistance programs. Program announcements are the primary mechanisms used to communicate assistance program opportunities and to generate applicant applications or proposals. Program announcements utilize the generic eligibility, merit review and evaluation criteria, and application preparation and submission instructions and guidelines (*also see Request for Applications [RFA]*).

Program Income

Gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal awarding agency regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

Program Office

The Program Office is responsible for the announcement, review and selection of assistance recipients prior to the award (*also referred to as the Programming Office and/or Program Management Office*).

Program Officer

An individual who formulates and implements a specific program, and is responsible for conducting the daily work of administering federal assistance programs, including the review and administration tasks prior to the award.

Program Performance Report

A performance report compares actual to planned performance and indicates the progress made in accomplishing each assistance award task.

Project Costs

All allowable costs, as set forth in the applicable federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.

Project Period

The period established in the award documentation that reflects the dates during which federal sponsorship begins and ends (*also referred to as Award Period or Period of Performance*).

Public International Organization (PIO)

An organization composed principally of governments, in which the U.S. participates.

Reasonable Cost

The cost if in nature or amount is consistent and does not exceed what an individual would incur in a similar situation. For example, an investigator purchased several packages that would assist in completing a major component of a program. This cost is reasonable and allowed. An investigator purchased one disc for twice the amount of the packages and still had to purchase additional software to achieve the final results. This cost is not reasonable.

Recipient

A non-federal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program.

Request for Application (RFA)/Request for Grant Proposals (RFGP)

A formal publication that announces the Department assistance programs. Requests For Applications are the primary mechanisms used to communicate assistance program opportunities and to generate applicant applications or proposals (*also see Program Announcement*).

Requesting Office

The bureau, office or post submitting a request to be processed by the grants office.

Result

The output, outcome or impact intended (or unintended). An intended, measurable change from the benchmark (starting point) in the condition of the program area. It is a measure of the extent to which a service or program has achieved its goals and objectives (*also see Inputs, Output, Outcome, and Impact*).

Scope

The scope of an award grows out of the grant purposes that reflect those aspects of a grant that make up the substantial and material features of a particular grant, which in turn fix the scope of the Government's obligation.

Selection Official

Official designated as the responsible person making assistance-related selections.

Selection Process

A process by which applicants are ranked and recommended for funding.

Solicited Application

An assistance award application solicited by a program office or other assistance award entity.

Standard Terms and Conditions

Contains the guidance, policies, and standards for the award and administration of Department of State assistance agreements to individuals, institutions of higher education, hospitals, non-profit, non-governmental organizations (NGOs), public international organizations (PIOs), public voluntary organizations (PVOs), and host country governments. Recipients may be given these Terms and Conditions by the Grants Officer at the time of award or the recipient may download them from the internet site.

State

Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, any multi-state, regional, or interstate entity that has governmental functions, and any Indian tribe as defined in this section.

Statutory Authority

The Department of State's statutory authority is set forth in the Code of Federal Regulations (CFR) Title 22 Foreign Relations, Chapter 38 Department of State.

Sub-Award

An award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible sub-recipient or by a sub-recipient to a lower tier sub-recipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services or any form of assistance that is excluded from the definition of award.

Sub-Recipient

The legal entity to which a sub-award is made and which is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the federal awarding agency.

Supplies

All personal property excluding equipment, intangible property, and debt instruments as defined in this section, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement (“subject inventions”), as defined in 37 CFR Part 401, “Rights to Inventions Made by Non-Profit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements.”

Suspension

An action by a federal awarding agency that temporarily withdraws federal sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award by the federal awarding agency. Suspension of an award is a separate action from suspension under federal agency regulations implementing Executive Orders 12549 and 12689, “Debarment and Suspension.”

System for Award Management (SAM.gov)

The System for Award Management (SAM.gov) is the primary vendor database for the U.S. government. SAM validates applicant information and electronically shares the secure and encrypted data with the federal agencies’ finance offices to facilitate paperless payments through Electronic Funds Transfer (EFT). The SAM stores your organizational information, allowing Grants.gov to verify your identity and to pre-fill organizational information on your applications

Termination

The cancellation of awarding agency sponsorship, in whole or in part, under an award at any time prior to the date of completion.

Unallowable Costs

Costs determined not reasonable, allowable, allocable, or in accordance with the applicable federal cost principles or other terms and conditions contained in the award.

Uniform Administrative Requirements

Established procedures for issuing and administering grant and cooperative agreements.

Unliquidated Obligations

For financial reports prepared on a cash basis, this is the amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

Unobligated Balance

The portion of the funds authorized by the federal awarding agency that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

Unrecovered Indirect Cost

The difference between the amount awarded and the amount that could have been awarded under the recipient's approved negotiated indirect cost rate.

Unsolicited Application

An application for assistance funding that is submitted without there having been any announcement or solicitation requesting applications.

Value-Added Tax

Country-imposed taxes (defined as only VAT or customs duties) on U.S. foreign assistance programs that countries should reimburse the program if taxes are assessed.

Voluntary Contribution

Discretionary financial assistance provided to foreign countries, international societies, commissions, proceedings, or projects.

Working Capital Advance

A procedure whereby funds are advanced to the recipient to cover the estimated disbursement needs for a given initial period.

APPENDIX – SOURCES

The Department Bureaus/Offices coordinate the assignment of Catalog of Federal Domestic Assistance numbers with the Office of Procurement Executive, Financial Assistance Division. The CFDA is a government-wide list of federal programs, projects, services, and activities that provide assistance or benefits to the U.S. public. The CFDA does not cover foreign activities unless programs have direct domestic economic benefit to states, local governments, organizations, or individuals. It contains financial and non-financial assistance programs administered by departments and agencies of the federal government. For a current listing of U.S. Department of State CFDA listings, visit the CFDA website at www.CFDA.gov where you can search by agency (U.S. Department of State).

Office of Management and Budget (OMB) Applicable OMB Circulars <http://www.whitehouse.gov/omb/circulars/>

OMB Circular	Title
OMB 2 CFR Part 200	OMB Government Wide Guidance on Grants and Cooperative Agreements
OMB 2 CFR Part 600	Department of State section of the OMB Guidance
OMB Circular A-21	Cost Principles for Educational Institutions
OMB Circular A-87	Cost Principles for State, Local and Tribal Governments
OMB Circular A-102	Cost Principles for State and Local Governments
OMB Circular A-110	Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations. (Moved to 2 CFR 215)
OMB Circular A-122	Cost Principles for Non-Profit Organizations
OMB Circular A-129	Policies for Federal Credit Programs and Non-Tax Receivables
OMB Circular A-133	Audits of States, Local Governments, and Non-Profit Organizations

APPENDIX – Applicable Codes of Federal Regulations

The following chapters are applicable to assistance awards for the Department of State:

<http://www.gpoaccess.gov/CFR/>

CFR	Title
2 CFR 215	Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110)
22 CFR 135	Department of State Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
22 CFR 137	Department of State Government-wide Debarment and Suspension (Non-Procurement) and Government-wide Requirements for Drug-Free Workplaces (Grants)
22 CFR 145	Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
22 CFR 138	Foreign Relations, New Restrictions on Lobbying
45 CFR 74	Public Welfare, Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals, if the organization is a non-profit or for-profit hospital
48 CFR 31	Contract Cost Principles and Procedures

APPENDIX – Public Laws Applicable to Department of State Program Grants

Law	Title
PL 87-256	Mutual Educational and Cultural Exchange Act of 1961
PL 86-472	Center for Cultural and Technical Interchange Between East and West Act of 1960
PL 102-138	North/South Center Act of 1991
PL 96-465	Foreign Service Act of 1980
PL 98-164	Research and Training for Eastern Europe and the Independent States of the Former Soviet Union Act of 1983, as amended
PL 83-680	Fishermen's Protective Act of 1967
PL 87-195	Foreign Assistance Act of 1961
PL 87-510	Migration and Refugee Assistance Act of 1962
PL 82-414	Immigration and Nationality Act, as amended
PL 80-402	U.S. Information and Educational Exchange Act of 1948 (Smith-Mundt) 22 USC 1431 et seq.
22 USC 5812 et seq.	Freedom Support Act
22 USC 5401 et seq.	Support for Eastern European Democracy Act
Executive Order 12048 of March 27, 1978	Reorganization Plan No. 2 of 1977
PL 105-277	Foreign Affairs Reform and Restructuring Act of 1998
Economy Act of 1932	Economy Act of 1932
PL 107-115	Foreign Operations, Export Financing, and Related Programs Appropriations Act of 2002
22 USC 2675	State Department Basic Authorities Act

APPENDIX – Standard Government and Department-wide Forms

Assistance Forms	Description
SF-424	Government-wide Standard Application Form
SF-424A	Budget Information (Non-Construction Programs)
SF-424B	Government-wide Assurances and Certifications
DS-1909	Standard Award Form for all assistance actions awarded by the Department of State
DS-1909I	Standard Form for all awards to individuals through the Department of State
DS-4012	Standard Department File Folder for all documentation on individual assistance awards
SF-425	Federal Financial Report (FFR)
SF-270	Government-wide Standard Form: Request for Advance or Reimbursement (Non-PMS Requests)
SF-PPR	Performance Progress Report

APPENDIX – BUREAUS AND MAJOR PROGRAMS

This is not intended as a comprehensive list of Department bureaus or offices offering grant opportunities. See grants.gov for latest listing of grant opportunities offered by the Department of State.

Bureau/Office	Major Programs	Eligible Recipients	Links to Main Website
Office of Overseas Schools, Bureau of Administration (A/OPR/OS)	Assistance is given to schools to enable them to promote quality educational opportunities at elementary and secondary school levels for dependents of U.S. citizens carrying out programs of the U.S. government abroad. Programs also increase mutual understanding between people of the U.S. and other countries by upgrading educational institutions that serve to demonstrate American educational practices.	Overseas Schools and NGOs (Domestic and overseas)	http://www.state.gov/m/a/os/
Bureau of Diplomatic Security (DS)	Improves diplomacy worldwide under the Nonproliferation, Anti-terrorism, Demining, and Related programs (NADR). NADR funds are used to train foreign governments and law enforcement officials, to oversee compliance with physical and construction security programs, and to advance fundamental knowledge in specific research and development projects using specialized testing protocols. DS enhances security efforts by providing extraordinary protective services nationwide for visiting foreign missions and dignitary officials pursuant to the Foreign Missions Act.	State or Local Government; Higher-Education Institutions	http://www.state.gov/m/ds/

Bureau/Office	Major Programs	Eligible Recipients	Links to Main Website
Office to Monitor and Combat Trafficking In Persons (G/TIP)	Assistance to foreign countries and international organizations to help them develop and implement legislations, policies, and programs to combat trafficking in persons, including the areas of sex and labor exploitation.	Foreign Countries, NGOs, and International Organizations	http://www.state.gov/g/tip
Bureau of Educational and Cultural Affairs (ECA)	Academic, Professional, sports, and cultural exchanges to improve international relations of the U.S. by promoting mutual understanding among the peoples of the world by funding non-profit organizations in supporting programs of travel, observation, consultation, study and practical experience of foreign visitors and Americans – to both the U.S and overseas.	Domestic NGOs and Educational Institutions	http://exchange.s.state.gov/
Bureau of International Information Programs (IIP)	Speaker program for posts and missions abroad. Grants to U.S. speakers to discuss with foreign audiences issues of concern identified by U.S. embassies.	U.S. Citizens and NGOs	http://www.state.gov/r/iip/
Bureau of International Narcotics and Law Enforcement Affairs (INL)	Assistance to foreign countries and international organizations to help them develop and implement policies and programs that strengthen institutional counternarcotics law enforcement and judicial capabilities to control illegal narcotics production, processing and trafficking. These programs provide counternarcotics-related economic development and military assistance, as well as anti-crime purposes.	Foreign Countries, International Organizations and Domestic NGOs	http://www.state.gov/p/inl/

Bureau/Office	Major Programs	Eligible Recipients	Links to Main Website
Bureau of International Organization Affairs (IO)	To meet annual obligations of membership in international multilateral organizations pursuant to treaties ratified pursuant to advice and consent of the Senate, conventions or specific Acts of Congress.	UN and Specified PIOs	http://www.state.gov/p/io/index.htm
Bureau of Ocean and International Environmental Scientific Affairs (OES)	Coordinates issues related to science, the environment, and the world's oceans.	Domestic and Foreign NGOs	http://www.state.gov/g/oes/index.htm
Bureau of Democracy, Human Rights and Labor (DRL)	Human Rights and Democracy Fund to support democratic and human rights initiatives worldwide. Economic Support Funds Partnership to Eliminate Sweatshops Program (PESP) Iraq Relief and Reconstruction Funds	Domestic and Foreign NGOs	http://www.state.gov/g/drl/index.htm
Bureau for International Security and Nonproliferation (ISN)	Voluntary and assessed contributions		http://www.state.gov/t/isn/
Bureau of Population, Refugees and Migration (PRM)	Programs to provide protection and life-sustaining relief for millions of refugees and victims of conflict around the globe. These programs also aid in the admittance of tens of thousands of refugees annually for permanent resettlement.	Domestic and Foreign NGOs	http://www.state.gov/g/prm/index.htm

Bureau/Office	Major Programs	Eligible Recipients	Links to Main Website
Bureau of East Asian and Pacific Affairs (EAP)	Asia Foundation – a private non-profit grant-making corporation used to promote Asian-American friendship and cooperation by conducting programs that would be difficult or impossible for an official U.S. instrumentality. The foundation supports economic reform, rule of law programs, and closer U.S.-Asian ties by providing grants to institutions in Asia.	Asia Foundation	http://www.state.gov/p/eap/index.htm
Bureau of European and Eurasian Affairs (EUR)	<p>Democracy Commissions Small Grants Program relating to public diplomacy and democracy development</p> <p>Democracy Outreach/Alumni grants – small grants administered by embassy PAOs to support exchange and training alumni</p>	Domestic and Foreign NGOs	http://www.state.gov/p/eur/index.htm
Bureau of Near Eastern Affairs (NEA)	<p>Programs to support reform in North Africa & Middle East (MENA) Region</p> <p>Grants for Middle East peace process working groups</p>	Domestic and Foreign NGOs	http://www.state.gov/p/nea/index.htm